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ONTARIO

PROCEEDINGS

OF THE

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTER IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XIII

Wednesday, January 11th, 1956.

Toronto, Ontario.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

P R O C E E D I N G S

of the

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I N D E X

THIRTEENTH DAY, JANUARY 11, 1956

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Mr. J. P. Roberts, Q.C., Chairman, presiding.

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I N D E X

THIRTEENTH DAY, JANUARY 11, 1906

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T H I R T E E N T H D A Y

Toronto, Ontario,
Wednesday, January 11th, 1956,
10:00 o'clock, a.m.

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The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. John P. Robarts, Q.C., Chairman, Presiding.

Messrs. Auld,

Sandercock,

Root,

MacKenzie,

Yaremko, Q.C.,

Child,

Manley,

MacDonald,
Jolley,
Reaume,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. L. E. Barchard,	Marketing Research Manager, Canadian Oil Companies Ltd.
Mr. A. Lawrence,	Manager of Marketing, Canadian Oil Companies Ltd.

Mr. R. P. Lindsay, Mr. D. F. Young, Mr. G. F. Mudgett, Mr. Frank Eley,	Members of the Street Lighting Section, Canadian Electrical Manufacturers Association.
Mr. Scott,	General Secretary, Railway Association of Canada.
Mr. J. G. Godsoe,	Executive Vice-President, British American Oil Company Limited.
Mr. D. J. Winter,	Vice-President in Charge of Marketing, British American Oil Company Limited.
Mr. G. W. Garton,	Manager of Marketing Operations, British American Oil Company Limited.

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THE CHAIRMAN: Gentlemen, we have with us this morning representatives of the Canadian Oil Company who have come to give us their opinions on the matter of toll roads. Mr. Lawrence and Mr. Barchard are representing the Canadian Oil Company Limited. We will get started now as we have a quorum. Mr. Barchard will read the brief. Our procedure is quite informal. We may stop you during the reading, if there are any questions, any member would care to ask.

L. E. BARCHARD,

Marketing Research Manager, the Canadian Oil Companies Limited, appearing before the Committee but not being sworn, deposes and says:

These representations on toll roads are made now by the Canadian Oil Companies Limited.

"Predictions of Leaders in the Automotive Industry and others that by 1965 there will be an estimated 6,000,000 motor vehicles on the Canadian Highways System will inevitably place a severe strain on the Highway facilities. The Highway System of the Province of Ontario will feel this to a greater extent, due to the heavy concentrations of motor vehicles in this Province. According to the registration of motor vehicles at the end of the last license year (1954), 40.9% of all motor vehicles in Canada were registered in the Province of Ontario. Assuming that this percentage figure will continue to represent Ontario's share of motor vehicles operating on the Highways, this would permit a prediction that there will be 2,500,000 motor vehicles using the Highways of the Province by 1965 compared to some 1,500,000 at the beginning of 1955.

In addition, according to the Dominion Bureau of Statistics, 5,816,000 motor vehicles of all types

"crossed into Ontario in 1954 from the United States. Granted, much of this was local traffic at border points, but 1,500,000 travellers' vehicle permits were issued in that year, indicating that this number of cars were in all probability journeying to many points throughout the Province.

With the accelerated rate of motor vehicles being added to the annual totals, and indications are that this has now exceeded 100,000 additional vehicles in the Province of Ontario, traffic congestion seems an inevitable problem on the Highways of Ontario.

With the increase in growth of motor vehicles and travel, facilities to serve the motoring public must also keep pace, and, as a Petroleum Marketer, this Company is therefore vitally interested in any Regulations covering the location and operation of Retail Gasoline Service Stations and other facilities on major Highway Systems of the Province now existing or contemplated.

In view of the foregoing, we respectfully submit the following views on:

(a) The value and/or need of mutually satisfactory Regulations to meet changing conditions and the requirements between

"different Highways.

(b) Examining the conditions under which Petroleum Marketers can best provide essential Highway services to the motoring public and keeping in mind as well the interest of the Provincial Government and the Petroleum Marketer.

It is recognized that your Committee in its deliberations will be concerned with certain basic requirements and which this Company, whose business is serving the motoring public, recognize and agree with:

1. Safe Driving Conditions.

   Any Regulations dealing with Highway services must keep in mind the promoting of Safe Driving conditions, such as access to Highway services, maximum visibility and any other conditions for the safe ingress and egress of automobiles to such facilities.

2. Scenic Beauty.

   The Department of Highways of the Province are to be commended on the approach they have made to beautifying the major Highways of the Province and it follows that any Regulations governing major Controlled-Access Highways will continue to promote

"this theme.

3. Service to Public.

   Facilities for servicing motor vehicles on major Highways need to be complete, having in mind the fact that such Highways by-pass Towns and Cities for long distances.

4. Cost of Services to the Public.

   It is desirable to provide the maximum in services and safety, but, at the same time, the final cost of the facilities must be kept in mind.

GENERAL

In the last few years the Province of Ontario has gained some considerable experience with major Controlled-Access Highways and it is only natural that this Company, as a Marketer of an essential Highway service, such as Petroleum products, will have examined, not only the conditions which have come about by such major Highway Systems in Ontario, but also in other countries.

Your Committee has, we know, already examined the operation of other major Highway Systems, but this Brief would not be complete without repeating certain factors:

(a) Certain types of Highways have limited competition among Petroleum Marketers through tender systems whereby all outlets on sections of Highways have been leased to one Marketer.

(b) Exclusive rights to one Company appear to have increased the cost of Petroleum Products to the motoring public in many instances.

(c) In an attempt to standardize on Service Station and Restaurant design, the cost of providing such facilities has been enormously increased, resulting in high rentals and, ultimately, increased cost to the consumer.

(d) Many major Highways have been placed in operation without service facilities concurrent with the commencement of traffic and, in many other cases, the number of service facilities, especially Service Stations, has not kept pace with the demand. In this connection, attention could be drawn to Highway 400, which does not appear to be adequately serviced for the volume of traffic, and to Highway 401, east of Highland Creek, where for a long distance, to obtain Service Station facilities,

"the motorist must leave the Highway to obtain service at one of the adjoining towns.

(e) The trend toward the separation of Restaurant and Service Station facilities is growing with the realization that they should be operated on a separate basis.

(f) The type of Highway facilities needed on the Controlled-Access Highways, such as the Toronto By-Pass, which is mostly used to service the various Municipalities making up Metropolitan Toronto are different than, say, the type of service required for Highway 401, east of Toronto.

Our Brief is not intended to convey to the Committee information, which has already been presented in much more accurate detail, but a short summary of our views and recommendations to the Committee on the type of Highway facilities to service any form of major Highway Development.

RECOMMENDATIONS

We herewith submit the following for your consideration:

"1. Selecting the Outlet.

It is recommended that a study of the traffic pattern should be made and a major Highway broken down into blocks, according to the type of traffic and the need for Highway facilities, which such survey would show - e.g., on a Highway such as the Queen Elizabeth from Toronto to Fort Erie, it might be said the requirements between Toronto and Hamilton are perhaps slightly different than the requirements between Hamilton and Fort Erie. Based on such study, the number of Service Stations required to service the traffic and whether or not to establish Restaurant facilities, could be determined.

2. Purchase or Lease of Site.

We submit that careful consideration should be given to permitting Petroleum Marketers to purchase Sites adjacent to Controlled-Access Highways rather than for the Highway Authority to own the land and lease it to the Petroleum Marketer. We believe the procedure followed on the ueen Elizabeth Highway between Toronto and Niagara Falls has produced a number of fine Service Stations adequately serving the motorists and with a minimum of administrative time and

"expense for the Department of Highways.

3. Permits.

We recommend that each Petroleum Marketer should have the right to apply for a Permit to build and operate Service Stations on major Highway arteries, no matter what type. It is our belief that Service Stations cannot be erected by a Highway Authority and leased to an operator without their being an added expense to the Consumer or the Petroleum Marketer.

4. Leases and Tenders.

While our recommendations so far follow the line of ownership of the Site by the Petroleum Marketer, we should not overlook giving you our views in case the Sites are owned by the Highway Authority and let out on Tender. It is our firm belief and recommendation that:

(a) Exclusive rights should not be granted to any Petroleum Marketer to operate service stations on a Highway or major operation.

(b) Rentals should be on a fair and equitable basis in accordance with the real value of the location, so that a Petroleum Marketer will be able to sell Petroleum

"products at a price, which will not be in excess of Outlets adjacent to the Highway. At the same time the operator and/or the Petroleum Marketer are entitled to a fair return on their investment.

(c) Sufficient Outlets should be provided so that each Marketer will have an equal chance to obtain representation on such Highways.

5. Restaurants.

It is our recommendation that Restaurant facilities should be separate from Petroleum facilities, even though, in some instances, mutual driveways might be used to give access to both Service Station and Restaurant. In support of our recommendation, we submit the following:

(a) It does not seem that there would be the same need for an many Restaurants on a Highway as for Petroleum Outlets and therefore it does not follow that where there is a Service Station there should also be a Restaurant.

(b) Surveys indicate that where motorists stop at those Combination Service Station-Restaurant Outlets, if they buy Petroleum Products they

"rarely stop for food service; if they stop for food service, they have been serviced with Petroleum Products at some other location.

(c) From observations which we have made, it would seem more desirable to separate Restaurants from Service Station locations to give the motorists, who require food service, a chance for relaxation that is not always possible at a Combination Outlet.

(d) It would seem desirable that Restaurants should be established adjacent to some scenic location along the Highway, as this would be conducive to a high type of operator and the servicing of better meals.

6. Station Design.

It is recommended that Petroleum Marketers be permitted to use their Standard Design of Service Station at locations where they have been granted Permits to build and operate such a Station; such Design of course would be subject to any Regulations as to construction details, lighting, signs, etcetra; We offer the following in support of our recommendation:

"(a) The constructing of and the equipment represent a considerable investment on the part of a Petroleum Marketer. For this reason, by use of a Standard Design of Service Station, costs can be kept to the lowest point and the equipment, number of service bays, pump islands and flood lighting can all be in keeping with the service requirements.

(b) The Standard Design of a Petroleum Marketer Service Station in the outline, type of signs and general layout, including color scheme, is easily recognizable to that Marketer's customers.

7. Service to Motorists.

Without prejudice, we firmly believe in free competition and the right of the motoring public to purchase the Petroleum of their choice, regardless of the route they select to travel, and we strongly recommend that careful consideration be given to Regulations, which would permit such service to the motoring public. In support of this recommendation, we submit the following:

"(a) Credit Cards have become a major service to motorists and are issued by all Petroleum Marketers. The holder of a Credit Card from a Petroleum Marketer cannot use this at other than the Outlets carrying that Marketer's brands as they are rarely interchangeable.

(b) Generally, motorists prefer to buy their regular brand of Petroleum Products when travelling away from home and should be in a position to do so.

(c) As a service to tourists from the United States, Petroleum Marketers generally have limited Exchange Arrangements whereby Credit Cards issued by Petroleum Marketers in the United States are accepted for purchase of Petroleum Products by a Marketer in Canada.

SUMMARY

We summarize our recommendations as follows:

1. Petroleum Marketers should have the right to purchase property, build and operate a Service Station in accordance with Provincial Regulations governing the number of locations.

"2. Free competition among the Petroleum Companies.

3. No monopoly of Outlets by any one Company.

4. Reasonable cost of Outlets.

5. Establishment of sufficient Stations to satisfy the demand, no more or no less.

6. Separate Service Station and Restaurant operations, even though in some locations mutual access driveways may be employed.

This Company is most anxious to co-operate in any way and would suggest that, prior to any Regulations coming into effect, Petroleum Marketers be given the opportunity of examining and commenting on such Regulations.

We further believe thatstrong consideration should be given to studying all aspects of traffic and the requirements of Highway facilities. In this connection, we would be pleased to make available the services of this Company's Marketing Research Department at any time.

Any additional information or explanations, which you desire, we will be happy to supply at your request."

THE CHAIRMAN: Thank you, Mr. Barchard, that is a very complete brief.

MR. MacDONALD: I take it, Mr. Chairman, that the oil companies are not particularly interested whether it is a freeway or toll road. It is a problem of providing facilities.

THE CHAIRMAN: I think their main preoccupation is the limited-access feature and how it affects their business. There is nothing in this brief which says we should or should not have tolls.

---The Witness retires.

A. LAWRENCE,

Manager of Marketing, Canadian Oil Companies Limited, appearing before the Committee but not being sworn, deposes and says:

BY MR. REAUME:

Q. We had a brief here yesterday in which there was an expression of opinion that in some instances, in places where they have gasoline stations, the prices being charged to the public are higher than those prices which are charged on other roads and in other places. Is that so?

A. That usually follows in the United States. I think there is a difference in the zone rate that might confuse the issue a bit. The price is higher in the State

of Florida. I would not like to say, as far as the Highways Board is concerned, that the price charged normally is higher than what it is for that zone by itself. I think the price charged there is probably 7/10th of a cent higher but that may be considered as a normal zone differential. I do not think there is too much evidence in Canada, from any experience we have had, to suggest that. Certainly it is not true of the Queen Elizabeth Way.

Q. Once you get on a road and cannot get off, the oil companies are taking advantage of that fact and making a higher charge to the people on that road?

A. We had a fear that could happen.

Q. Has it happened?

BY THE CHAIRMAN:

Q. Do you operate on Highway 400?

A. No.

BY MR. MacDONALD:

Q. Has it happened in the United States?

A. That has been the pattern. According to the latest information in the office, there has been a price on the turnpikes which has varied from 1½ percent. to 4 percent.

Q. Your opinion is that it does not happen and

need not happen in Canada?

A. One of the things in the United States is the terrific price the marketer has had to pay to get representation on the turnpike. The companies are eager to hold the position, and eager to service the trade wherever the motorist wants to go. So the marketer has gone in at a terrific price in order to get the location. He is anxious to get established and he has no way of knowing what is going to be bid. Someone says: "We want this location". So he puts in a bid of $10,000 or $15,000 a year for land. If you are going to pay that amount of money for land alone and spend another $150,000 for the building, in order to compete, and make any money, you have to do a terrific volume and someone has to pay for it. That is our fear. Highway 400 is a good example. There are two locations there, both handled by the Department of Highways on a tender basis. In the case of one property, the land alone is $10,000 a year. Somewhere along the line, someone has to pay for it.

That is a very high cost for the land alone, and you have to spend another $150,000 for the service station and restaurant facilities. We like the approach made on the Queen Elizabeth Way much better. The government said, "We will give one location to each oil company,

between Toronto and Hamilton, provided you meet the requirements of the Department of Highways". It was the marketer's responsibility to buy a property if he wanted it. Whether he paid $15,000 or $30,000 for the land or not, it was his responsibility. He might pay in the neighborhood of $30,000 and amortize that over 20 years, as against the other way which is a straight 15-year deal and at the end of the 15 years, it is paid off, and everything then goes back to the government. You then operate it within the limits of the requirements established by the Department of Highways, which up to now have been pretty reasonable.

We like to set a standard as the cost of the company getting established, and, finally, what it is going to cost the consumer.

If you take Highway 400 as an example, we do not believe there are sufficient outlets to service the trade adequately. When I drive to Northern Ontario, which I do at week-ends, I often see ten, fifteen or twenty motorists in trouble and they are five, ten or fifteen miles from the service station. Therefore, it seems to me the company is not giving the public the service which it deserves. The motorist in trouble tries to wave a car down. Eventually, he gets one to stop and then it is a case of mercy.

The motorist has to rely on that fellow going into a

service station and telling the service station about it.

BY MR. REAUME:

Q. Or he has to give him a push?

A. That is right.

BY MR. ROOT:

Q. There is something here on Page 11. It says:

"(b) Generally, motorists prefer to buy their brand of Petroleum Products when travelling away from home and should be in a position to do so."

Why should they be in a position to do that? I have been told it is not good for a motorist to mix different brands of oil. Is that right?

A. We do not think, in this day and age, that that is any problem. Some may prefer using a particular brand of oil. Generally speaking, you are not running any risk. If you want to use our oil -- and we hope you all use our oil -- you continue to do so, but if you run a little short and haveto go into some competitor's place and buy his best grade, you should not run into any trouble.

BY MR. ROOT:

Q. As long as you use the same grade?

A. The difference is if you have been using an additive, and then buy a straight mineral oil.

BY THE CHAIRMAN:

Q. There is a difference of opinion on this, it appears. Some of the toll roads in the United States deliberately attempt to make a large profit out of their gasoline outlets and food outlets. For instance, I understand that on the New Jersey Turnpike, the entire maintenance cost of that road is paid for by the profit from their service facilities. Your approach seems to be from an entirely different angle, in other words, to provide the motorist with the same service as he would get on a city street, where there is one profit and one profit only, and that is the profit taken by the distributor.

A. We are of this opinion, that as soon as you place an operator in a position of being able to collect more from the motorist, you have in effect taken away a great deal of the competition. If you place that competition on the highway -- which is not the case in the United States -- you have a situation such as you have on the Queen Elizabeth, where the motorist gets real value for his money. He does not pay a premium in order to travel on that highway.

As I understand the Queen Elizabeth situation, there is no revenue to the Government other than the normal gas tax . You buy the land

yourself from the person who owns it, you make your own deal and you meet the requirements.

BY MR. MacDONALD:

Q. May I go back to that point? Why do you feel it is better for the companies to buy and own and establish the station rather than have the Authority own it and run it? The reason for my question is this.

You have given one answer, but I want to get ahead of it. If the procedure of tendering for the right to have one of these stations, results in competition which drives the price up, is that situation not likely to be that you are paying just as much more by that effective free competition as you would be if the Authority owned it and charged you what you think is a little bit too much?

A. I would like to answer the question this way. We do not believe that, basically speaking, the government should be in that kind of business. Secondly, we do not believe they can handle it as economically as a petroleum marketer. That is his business. If he cannot go out and buy a piece of land where he can work on this basis of strict economics and make that station, at least on paper pay, at a normal price, the chances are that he will not go into it at all. I think you have pretty good evidence of that on

Highway 400.

Again, we secured a great deal of evidence in the United States as to what has happened and what it costs to get established with a gasoline outfit. They have to combine the operation and have a restaurant business also. We think it is a mistake for an oil company to go into the food business, because they do not have people who know anything about food and they are forced to get someone on the staff who does. They say, "They have a nice park out on the 400 Highway; we will lease it for so much a month". They get an operator. Then someone has to equip it. The oil company should not be in the food business. Our own company certainly does not know anything about food catering.

Usually, when you get someone in business who does not know anything about it, someone is going to pay for it. Probably the standard of the meals would not be quite as good as normally you would expect.

We have no quarrel with the placing of a service station and restaurant side by side on a piece of property if the requirements warrant it. But we do not think that the oil companies should be in the food business.

BY MR. MacDONALD:

Q. I am not interested in this combination of the food business. I want to get back to the economics of the question. If it is an oil company that is operating it, they will operate it on a strict economic basis and it will be established more efficiently and more cheaply. When you have the State in it, it can result in competition between the companies to the degree that they have to try to get in on a competative basis, and that drives the price up beyond the strict economic price. That would have to be handed on to the consumer if it were handled by the Authority?

A. Let us go into the history of this. I can see what you mean. That is a logical conclusion, except that you have that situation across Canada to-day and across the United States. Perhaps I might refer to the Queen Elizabeth Way again as there is a situation there which is parallel to the one suggested in your question. It is a question of history. There are only "X" companies and "X" farmers. If a man wants a ridiculously high price the situation becomes changed. I know that in some cases of real estate the prices asked become ridiculous and fantastic. However, you have not paid the premium. Let us take, as an example, the usual farm land which the highway goes through. The farmer thinks the land is

worth $50,000 and the oil marketer thinks it is worth $25,000. There are only ten people who will buy it. They work out the economics of the position and they say: "All we can afford to pay on this highway for a service station is $25,000." So the farmer either takes the $25,000 for the piece of farm land or he does not sell it, because the market is limited.

Regarding any piece of real estate. It is a recognized thing that within the limits of what oil companies can afford to pay for a location, he can get more from a petrol marketer than from anyone else, such as a person wishing to erect a drug store. Again, there are limiting features. On the Queen Elizabeth Way we bought property on the west side of Toronto for $75,000. We lost a location on the other side of the road because of the overcast of the Ford plant. Our people worked out the economics and said that they wanted to come on this side of the Oakville road, where there is a permanent location, but we were not too sure about that. We said the most we can pay for that piece of propery, and make it stand on its own feet, is $20,000. The man asked for $25,000 and finally "sawed off" at $17,500. The reason for that was that all the oil companies are represented on the highway and there was no more market. If one sold to anyone else, the price would not be any-

thing like that, it would probably be $5,000. In the end, the man was happy to take the $17,500 and everyone was happy. You have limiting factors of that kind.

BY MR. AULD:

Q I have been interested in Highway No. 2. There is a place just east of Brockville known locally as "gasoline alley". I think Mr. Barchard knows the situation there. Every oil company in existence has a station there and they are just a stone's throw from each other. It appears that very often the oil companies will take locations just to be represented. Would that be a fair conclusion, which might apply to a controlled-access highway, if there were a limitation on the number of stations?

A. I think that could be the situation where an oil company has gone in to secure representation. It does not happen too often, but it occasionally happens. If there were an area where they were not represented, they might do that. I am speaking of any company. We try not to do it, because the marketing people have to answer to other people in the company who are not so interested in the location as they are in paying-off. You have another factor in Brockville. In the main street of Brockville proper, the stations have dried up and gone to the outskirts. They have become more

or less lumped together. I have not been there for three or four years. We have a nice property in Brockville, right in the center of the town. There are apartment houses there, and during the scarcity of living accommodation we were approached by the town authorities and we thought it would be rather harsh for the oil company not to tear down the service station, so we withdrew and sold it.

BY MR. ROOT:

Q. In other words, you established a service station to take care of the people's interest, more than to take care of the oil company's interest?

A. That is right, but we still try to keep within good economics.

BY MR. AULD:

Q. On page 5, paragraph (f), The type of highway facilities needed, are different on different types of controlled-access highways. As a matter of information, I would be interested to know what the difference is. Do you mean the difference in the number or the difference in the type of station?

A. It could be both the difference in number and the difference in type. We are assuming that you are forming a pattern for the future and that it might apply to many highways. It is conceivable that you might go

[illegible]

[illegible] areas there, and during the scarcity of living

[illegible] we were approached by the town authorities

[illegible] that it would be rather [illegible] oil company

not to tear down the service station, so we [illegible]

and sold it.

BY MR. ROOT:

Q. In other words, you established a service station to take care of the people's interests more than to take care of the oil company's interests?

A. That is right, and I would try to keep within [illegible].

BY MR. [illegible]:

Q. On page 3, paragraph (7). The type of highway facilities needed are different on different types of [illegible]

I would be interested to know what this difference is. Do you mean the difference in the [illegible] or the difference in the type of facility?

A. It could be both the difference in number and the difference in type. We are assuming that you are forming a pattern for the future and that it might apply to many highways. It is conceivable that you might

on some highways where the volume is limited and where you do not have the same traffic as on No. 400 or on the Queen Elizabeth. Instead of building a three-stall or two-stall station, you might build a one-stall service station and an office, providing all the facilities, but on a smaller scale. That is what we were trying to convey there. Does that answer the question?

Q. In other words, on a highway on which you expect to have long-distance travellers, they are not as likely to stop and have a car washed and greased.

A. As far as the highway is concerned, the experience is that very few motorists stop for lubrication and oil change. They stop usually just for gasoline and to bring up their oil level.

BY MR. ROOT:

Q. What did you say was your objection to a standardized service station and restaurant design?

A. I think we put it the other way. You are speaking of a standardized station amongst all marketers? We have two objections to that. One is from a very selfish point of view. We feel that the company spends a lot of money to establish istelf to supply its trade, and that it should be permitted to build its standard design. It is an identification for us -- or we like to think it is -- and we think our sign means something, our colour

scheme means something and it is readily identified by the customer.

The other point is this. We believe that a marketer can best build his own design from the standpoint of cost. If the Department of Highways say they want a special design here, at least as far as the first few are concerned, the first thing one has to do is prepare a set of plans. In the ordinary case we have these plans in stock and it is just a case of using the printing machine and reproducing the blue prints. Our contractors are familiar with every nail and bolt. They are the contractors who normally build in everything. They can almost give us a price over the telephone. If we tell them that the grade is level, they can give the price on the telephone even for a place 50 miles from Toronto. There are not so many things which have an effect on the final cost. We have had some experience of that. We re-designed our service station prints some three years ago. We started off then at a cost, with all contractors, which was in a range from $27,000 at the lowest, to $30,000 at the highest. We are able now to build identically the same building ranging in price from a low of $18,000 to a high of $24,000. That is the standard two-stall building we normally build. Apart from Western Canada, that applies across Canada, because the

builder knows what it is and he is used to it. His sub-contractors are used to it also, they know exactly what to do. The contractor knows that the sub-trade for plumbing, for example, will cost so much and he knows that the electrical sub-trade will cost so much.

When you go on to the question of a special design, the first thing you have to do is turn to your engineering department. That department has to work out a design and start all over again. That is time-consuming and very costly. That is the way in which it has worked out in our own company.

BY MR. AULD:

Q. A little while ago, you were speaking with Mr. MacDonald about the combination restaurant and service station leased by the marketer. I do not remember in our observations on a few roads in the States, any of them where that situation applied. In the case of the New York Thruway, it seems to be Howard Johnson who has all the restaurants. The same thing holds true in New Jersey and Pennsylvania, where these things are grouped together and there is a common driveway or entrance, but different lessees.

A. Usually these things tie up. They buy a piece of property and control it. That firm has made

an approach here and we have had one or two meetings with them. They have made it quite clear that they want no part of the service station. If they buy a "chunk" of land, big enough, you can buy a piece from them. That is the way it finally ends up. They want no part of it, and that is our point. We think there has been a decided trend against the combined operation, because a man who does a good job as a petroleum marketer usually does a "punk" job as a restaurant operator, and the man who is good as a restaurant operator usually makes a bad job of the petroleum marketing.

Q. Is it the practice of some highway authorities in the United States to have one lessee and sub-lessees, or is it the practice to give the leases separately?

A. I believe they have both. You can see in the latest report where the oil companies have gone in. I am speaking of what I have read recently in our house organ, where they have appropriated $1 million for expenses in this way.

BY MR. MANLEY:

Q. Getting back to economics again, if the volume of traffic is determined on a certain stretch of highway and if the service facilities are based on the amount of traffic, and if permits are given for the number of stations which would be necessary to service that volume

of traffic, do you not think that in that way you would bring down the cost of these petroleum products to the motorist? Instead of having two or three stations grouped in one location, would it not be better to have them spread out?

A. They should be spaced out. I think that approach is necessary and proper. It is necessary to have research done as to the requirements to service the highway, in order to determine the pattern, whether there should be service every ten miles or so on a controlled-access highway. It would not be right to say that because you permit one large marketer, you must give another one a concession also. I think they should be spaced. On the Queen Elizabeth Way, they use a spacing system. It is 1¼ miles each way to a location on the other side of the road. One could argue this thing out, but the actual operation would support the action that was taken.

In the case of the road from Toronto to Hamilton, every service station that I know of on that road is very successful. That is probably the heaviest travelled piece of highway in Canada. There is terrific traffic there. It is looked upon favourably by some of the companies, by the Ford Company and a few of the other industrial companies there. I do not think you

could take many highways for 50 miles and come up with the same result or the same requirements.

BY MR. JOLLEY:

Q. Are you prepared to say whether your feeling towards ownership would be the general opinion of oil companies?

A. I would not like to make even a guess about that.

Q. On the Queen Elizabeth, in this new section from Fort Erie to Niagara Falls, the Department of Highways is going to go back to the oil companies. I wonder why they did not make representations, or if it would do any good?

A. We discussed this on a previous occasion with the Department of Highways, as high up as the Deputy Minister.

BY MR. MacDONALD:

Q. You will agree that it is wise to have planning and spacing. Is it not likely, therefore, that the powers of expropriation that the Department of Highways has for getting the Thruway, will be necessary for getting planned spacing of stations? You want the Department of Highways to sell that land back to you so that it becomes your property?

A. We would like to own it. Unless the Department

of Highways has some planning in mind with which we are not familiar, or unless they have it at the consideration stage, we believe, in the first place, that the service stations could be built on land which is bought. In the first place, the service stations are placed back beyond the normal boundary limits.

Everything beyond that fence is owned by a farmer or someone else. We believe you could buy the land if you could get a permit from the owner but generally, although not necessarilly, it would not be the Department of Highways.

BY MR. ROOT:

Q. Would you not end up with a more or less haphazard spacing of the stations?

A. No. I think the Government would have to set up regulations, depending on the need, saying how close together they would permit stations to be located. There are various factual ways of getting that information today. Many companies have research people and the Department of Highways also has research people. They could give the number pretty close and state the spacing that should take place on a particular stretch of highway.

Q. Without expropriation, if the Department wants a station, the farmers would be in a nice position to say:

"Pick one". If you are left free to buy what you like you would have haphazard methods and on the other hand, if you are not left free, you put a certain group of farmers in a good position.

A. Usually, the prices paid for service stations are pretty good. The history of it has been that the law of supply and demand will level it off. Usually there will be very few farmers. You would not be in a limited allocation where you would have to buy from one farmer. Usually there are more.

BY MR. MANLEY:

Q. Possibly three farmers.

A. The farmer would not want to grow many potatoes or much wheat on an acre of land for which he would get $25,000. All I am going by is a little bit of past experience that we have had as to the way it works out.

MR. MANLEY: There would be competition there amongst three or four farmers. It would not have to be established on one farm.

MR. ROOT: If the Department said they wanted a station on such-and-such a section it would be different.

MR. REAUME: Yes, if the farmer happened to be a friend of the government.

MR. AULD: All the farmers are friends of the Government.

MR. ROOT: The farmers are basically carrying on a free enterprise.

THE CHAIRMAN: We are very grateful to you for coming here. I think we have exhausted our questions. We appreciate your coming very much and we appreciate the information you have given us.

THE WITNESS: I would like to thank you and the honourable members of the Committee for the opportunity of coming before you and in our humble way trying to express at least some of our views. Thank you very much.

---The Witness retires.

R. P. LINDSAY,

Member of the Street Lighting Section, Canadian Electrical Manufacturers Association, appearing before the Committee, but not being sworn, deposes and says:

(Page 1116 follows)

"In view of the proposed building of toll roads and the present campaign instituted by the Government of Ontario to reduce highway traffic accidents, the following information is presented.

Approximately 55 per cent of traffic fatalities on Ontario highways occur at night, when there is less than 1/3 the traffic flow.

Driving conditions remain much the same throughout the 24 hours of the day - roads, weather, speed remain unchanged. Only one factor -- illumination changes greatly. To correct this condition, artificial light must be applied in such a way as to restore 'visibility distance'.

The American Road Builders Association makes the statement that 1,800 feet 'visibility distance' is required for safe highway driving. This is accomplished in the daytime by the design of roadways to eliminate sharp turns, by levelling grades and removing physical structures that would otherwise reduce 'visibility distance' to less than 1,800 feet.

If this distance of 1,800 feet is required in the daytime, it most certainly is required at nighttime. Therefore, any highway which does not provide for 'visibility distance' at nighttime as well as in the daytime should not be considered a safe highway.

"A recent report by the U.S. Committee on Engineering of the President's Highway Safety Conference declares:

"A major possibility for traffic accident reduction through safety engineering lies in making highway use safer during the hours of darkness. Though less than a third of the travel is at night, about 55 per cent. of the traffic fatalities and 40 per cent. of all traffic accidents occur after dark. More adequate street and highway lighting at properly selected locations, and better vehicle lighting, would pay large dividends in the saving of lives and reduction of property damage".

Below are figures of comparative accident rates per 100 million vehicle miles, including both injuries and fatalities, on the Detroit Industrial Expressway and on Route U.S. 112. Those roads run practically parallel for about 15 miles westward from Detroit and both carry a heavy volume of mixed traffic. U.S. 112 is partly lighted, but there are no lights on the Expressway. If you will look at this table you will see the difference in ratio.

	Day	Night	Ratio Night/Day
U.S. 112	517.8	891.5	1.73 to 1
Detroit Ind. Expressway	69.9	143.4	2.03 to 1

"Even with all the advantages possessed by a limited expressway, the accident ratio is higher on this road than on the highway because the latter is partly lighted.

The report shows that the Davison Expressway in Detroit, which is adequately lighted, has a night to day accident ratio of 0.58 to 1. Contrast this with the ratio of 2.03 to 1 on the unlighted Industrial Expressway.

In four years of use with lights, there has only been one night fatality on the Davison Expressway. 'This is testimony of the safety value of modern street lighting'.

Regarding modern street and highway lighting the report has this to say:

> 'Provision of conditions that permit quick and clear vision is highly important in traffic safety. This is especially true at night. Impaired visibility in darkness creates a serious hazard to motorists and pedestrians alike. Experience shows that modern street lighting produces such an improvement in night visibility as to aid traffic flow greatly and to effect substantial reductions in accidents. To increase night visibility where conditions warrant, is therefore, most desirable.

'Where conditions indicate the need, the cost of street and highway lighting can often be justified by (1) reduced traffic fatalities and injuries, (2) reduced property damage, (3) lower insurance rates, and (4) improved night-travel conditions. Good lighting is one of the most effective remedies for night accidents.'

In a well-documented report of the Highway Research Board, Washington, D.C., the following conclusions were drawn after a 4-year study of motor vehicle operation on lighted and unlighted highways in New Jersey.

1. Highway lighting does not affect travel speeds.
2. Based on transverse positions and clearances between vehicles, the behavior of drivers at night conforms more nearly to their daytime practices when the highway is lighted than when the highway is unlighted. The difference, however, is slight.
3. Certain driving practices at night which tend to cause accidents are reduced a measurable amount by providing highway illumination. This is verified by the actual accident rate as well as by the potential accident hazard as determined by the driver-behavior studies. The

"driving practices that seem to be directly affected are: (1) the tendency of drivers to follow too closely behind a preceding vehicle travelling at the same speed, and (2) failure of drivers to keep their vehicles to the right of the centre line when meeting other vehicles on a 2-lane highway.

In reporting the comparative ratio of nighttime to daytime accidents for unlighted and lighted highways under directly comparable conditions, this report shows nighttime accidents on lighted highways reduced 18.9%, persons killed or injured reduced by 14.8%, and accidents involving property damage only, reduced 35.2%.

In the September 1955 issue of 'Street Lighting Magazine' (published by the National Street and Traffic Safety Lighting Bureau), the following statistics are given:

LIVES SAVED THROUGH HIGHWAY LIGHTING

Lighting Improvement	FATALITIES Year Before Lighting	Year After Lighting
4 mile stretch of highway entering city	14	2
Main highway entering city.	6	0
3 mile stretch of highway entering city	12	1
Bridge approaches	2	0
	34	3

31 Lives Saved after 4 lighting improvements -- a fatality reduction of 88 per cent.

"The principal purpose of street and highway lighting is to produce quick, accurate, and comfortable seeing at night. These qualities of seeing combine to safeguard, facilitate, and encourage vehicular and pedestrian traffic. Where good seeing is provided, efficient night use is made of the large investment in street and highway construction and motor vehicles.

The State of Connecticut has decided to light the entire 52 miles of its new Greenwich-Tillingly Tollroad. It is understood that one of the reasons for so doing is to attract traffic from the presently overloaded Boston Post Road. It is believed by the planners that, by making the new road safe, convenient and comfortable at night, more night traffic will be drawn to it, bringing more night revenue. From their favourable experience and familiarity, drivers who have used the highway at night will be inclined to use it in the daytime as well, thereby further increasing the revenue.

The cost of highway lighting is very small in relation to the total cost of the highway itself. It is estimated that the cost of lighting is less than $40,000 per mile or approximately 5 per cent. of the total cost. If it is taken into consideration

"that toll plazas, interchanges, etcetera will be lighted in any event, the percentage of the cost of lighting the remainder of the highway will be appreciably less.

RECOMMENDATION

In view of the facts and statements presented above it is recommended that the lighting of toll roads throughout their entire length be an integral part of each project."

MR. AULD: There is one particularly interesting observation -- the difference in the accident rate between the limited-access highway and the ordinary highway. There is the comparison between U.S. 112 and the Detroit Expressway. It does not have anything particularly to do with lighting, it is just the difference in the accident rate.

THE CHAIRMAN: I noticed that. I wondered whether there were some other factors there which we do not know about. We do not know what the "517.8" really means.

MR. AULD: It is the accident rate. That is the way it is calculated generally.

MR. MACNEE: The accident rate is based on million vehicle miles. The fatality rate is based on 100 million vehicle miles.

That is 517 compared with 5.2 in the way we keep our records.

MR. AULD: Then the 69.9 compares with one of ours also.

THE CHAIRMAN: We can draw a conclusion that is not drawn on this brief, from our figures.

MR. ROOT: We are told that a large percentage of all accidents are in the urban areas that are lighted. Have you any breakdown as to whether they were in the nighttime or the daytime, Mr. Macnee?

MR. MACNEE: I do not have those particular figures. Last year, out of some 66,000 accidents, something like 16,000 were on the King's highways. That means that the vast majority were in areas other than the King's highways, primarily urban areas. The province-wide average was 5.3 and the King's highway was 3.3, so the other areas will have a higher rate.

MR. ROOT: Where you have a service station well lighted and the vehicle pulls along side from the highway, they sometimes forget to turn their own lights off. That also happens where a section is well lighted.

MR. MACNEE: There is a possibility there. These gentlemen could answer that better than I. An extremely well lighted service station is often right in the middle of a long section of road that has no

illumination. It is the sudden change from no illumination to almost excessive illumination that is the cause of the trouble.

THE WITNESS: That is so.

THE CHAIRMAN: Could you tell us about the lighting of the Queen Elizabeth?

MR. MACNEE: The lighting was shut off due to power restrictions during the war. The Department has not seen the necessity to turn the lights on again.

BY MR. REAUME:

Q. In the course of the Highway Safety Committee deliberations, there was some correspondence with the Department. I still do not know why they were not turned on. Did you present a brief at that time?

A. We presented a similar brief then.

MR. YOUNG: We suggested at that time that they might turn on a portion of them and we gave some statistics.

MR. JOLLEY: They turned them on for some time, so they must feel it is a factor in safety.

THE CHAIRMAN: Are those lights at interchanges?

MR. MACNEE: I believe the Department's attitude now is that where there is an abrupt change in the traffic or at interchanges, extra illumination is

required, whereas on the general straight level sections of highway your headlights give the 1,800 feet illumination. I think it is partly a case of economics. It costs something to operate lights and I do not believe the Department is satisfied that they get a proper return for that expenditure.

MR. AULD: May I ask whether, on the third page, the figure of "$40,000 per mile" is given as the cost of installation. I wonder if the Association has any approximate figures on the subsequent yearly cost for power and maintenance, per mile?

MR. MUDGETT: I have some figures here.

BY THE CHAIRMAN:

Q. We have these comparative figures on Page 3. There are two points which occur to me. One is that they are based on fatalities rather than on accidents. From other statistics presented to us, we have found that comparisons based on fatalities alone could be misleading, because you can have mass accidents creating a situation that might exist in one or two areas at one time but might not exist before or after. Secondly, the areas studied are all entrances to cities. Let us take one at a time. Can we assume that those are through suburban areas, where there would be pedestrian traffic as well?

A. That was taken from the Street Lighting Magazine. We would have to go to them to find an answer. There might be a great difference going through a 3-mile approach to the city, with street lighting at cross sections and with pedestrians, as compared with a stretch out in the country.

MR. ROOT: I notice in the first page, in regard to accident cases, that the speed is the same as at night. Could more safety be accomplished by a drop in speed at night?

MR. MACNEE: I think you will find there is a natural reduction in speed at night. I do not think you would accomplish anything by trying to zone it down, except in special cases where you put on an adequate force.

MR. AULD: Is that along the line of the "85%" figure, where 85% naturally slow down at night?

MR. MACNEE: There is a very natural drop in speed at night, depending entirely on conditions.

MR. YOUNG: These are actual studies of unlighted highways and show that they do not tend to drive faster if it is not lighted.

MR. REAUME: It seems to occur with approaching traffic leaving their lights on.

THE CHAIRMAN: It depends on the highway. You

can get a great deal of trouble on the Queen Elizabeth Way, When lights are approaching on the other lane. Sometimes it is worse than the ordinary highway because of the curves.

MR. REAUME: There is less likelihood of people leaving the headlights on on a lighted highway. They use a low beam.

MR. MUDGETT: On the question of operating and maintenance costs, to take care of the cost of replacements and equipment which might be damaged, cleaning out the lighting fixtures, and so on, we arrive at a total annual operating cost of $2,279. a mile. That figure of $2,279. includes a figure of $1,400. per mile per year for energy cost, calculated at the rate of 1 cent per kilowatt hour. Does that answer your question?

MR. AULD: Yes.

MR. MUDGETT: We have included cleaning and maintaining lamps, so the average illumination maintenance is given throughout the year.

MR. AULD: That would be roughly about one-third of the annual increase in maintenance costs. We were told yesterday that the maintenance cost per mile is between $5,000. and $6,000. per mile.

BY MR. ROOT:

Q. Have you done any research into how lighting

would affect the tolls on a toll road? How much increase would you have to put on?

A. The increase in cost on the toll road would be around the 5% figure.

MR. YOUNG: We also feel that it would attract more traffic and increase the revenue.

MR. LINDSAY: That was one reason given on the Connecticut toll road, that travellers would be accustomed to driving on that road in the daytime and by being familiar with it they would come back on it later rather than take the other road.

BY MR. ROOT:

Q. I cannot see anything wrong with lighting, except when we are short of money to build roads. Which is the more important? You are talking in terms of lighting super highways?

A. We are thinking in terms of toll roads, with which this report deals.

THE CHAIRMAN: Your report is very interesting. It is new to me but apparently not to some members of the Committee who are members of the Highway Safety Committee. There is an idea here that will bear investigation. Are there any further questions to ask of Mr. Lindsay or any other member of the delegation?

Thank you very much for appearing before us

and for providing us with this information.

MR. LINDSAY: Thank you very much for your attention.

---The Witness retires.

THE CHAIRMAN: Mr. Scott of the Railway Association of Canada is here. If we are prepared to stay until 1:00 o'clock, we could hear his breif this morning.

Therefore at the risk of pressing on, I will ask Mr. Scott to come forward. I understand he is quite happy to come on this morning instead of waiting until the afternoon.

W I L L I A M A. S C O T T,

General Secretary of the Railway Association of Canada, appearing before the Committee, but not being sworn, deposes and says:

THE WITNESS: I would like to make some introductory remarks. The Canadian National Railway received an invitation from the Committee to present its views.

In view of the fact that there are five other railways interested in the whole problem of toll roads, these railways together thought it more appropriate if the Railway Association presented a brief on behalf of a number of lines. Therefore this brief is presented on behalf of the following lines which are the companies

interested in this particular problem:

The Algoma Central and Hudson Bay Railway Company

Canadian National Railways

Canadian Pacific Railway Company

The Chesapeake and Ohio Railway Company (Pere Marquette District)

Great Northern Railway Company

Michigan Central Railroad

Midland Railway Company of Manitoba

The New York Central Railroad Company

Ontario Northland Railway

The Toronto, Hamilton and Buffalo Railway Company.

My position in the Railway Association is Transportation Economist. I also act as General Secretary of the organization. As General Secretary, I have to deal with railway operating matters; as Transportation Economist, I deal with matters which affect the competitive position of our industry. You will find in this brief what our views are on this subject.

"The most controversial development in the field of highway finance in recent years has been the revival and widespread use of the toll device for financing highways.

Motor vehicle revenues in the form of gasoline taxes and registration and license fees, commonly

referred to as user-charges, supplemented by general taxation, have generally been regarded as adequate for the provision of road and street facilities. Since the end of the War, however, this source of revenue has progressively become less and less adequate to meet the highway needs of the greatly increased number, size and weight of vehicles. Despite the vast expenditures which have been made for roads and streets in the past decade, the demand for more and better roads continues unabated. This is especially so on the more heavily travelled routes, particularly main inter-city highways and metropolitan area facilities, a number of which are alleged to be inadequate for present traffic volume, let alone to cope with future traffic growth. As a result, in the United States, where the situation has been most acute, toll roads have been increasingly resorted to by a number of States as a means of partially meeting the more pressing highway needs.

In the light of this development in highway finance, the appointment of your Committee, to inquire into the feasibility of toll roads for Ontario, is of wide interest inasmuch as it constitutes the first official investigation of its kind in Canada, all interest in toll facilities heretofore, with the

"exception of certain bridge, ferry, and tunnel operations, having been largely academic in nature.

Since adequate highway facilities are important to Canada's future growth and since the large expenditures involved strike at the very core of provincial finance and competitive transportation, it becomes pertinent to examine the possible effects of superimposing a scheme of special tolls for the use of particular facilities upon the existing scheme of general user-charges.

The Historical Background

Toll roads, of course, are not a new idea. Prior to the development of water and rail carriers, road transportation was carried exclusively by toll road facilities. With the growth of competitive forms of transportation, however, roads lost their predominant commercial function and were taken over byGovernment for purposes other than transportation. With the advent of the motor vehicle, the function of roads once again became predominantly one of transportation. As such, the whole expenditure base for roads and streets has broadened beyond recognition. Moreover, the number, size, and weight of vehicles using roads for transportation purposes has so drastically altered road and street require-

ments that existing revenues are largely inadequate fpr the needs of present-day traffic. Toll roads, therefore, have been resorted to as an alternative to increased taxes to meet the sharply inflated construction and maintenance costs of highways resulting from the increased demand for roads.

The Reasons for their Spread

There have been two basic explanations for the rapid growth of toll roads in the United States:

(1) Traditional financing methods have proved inadequate to provide the money needed to modernize the more costly segments of the highway system.

(2) Toll roads have apparently proved to be a more acceptable method of meeting certain pressing highway needs than have increased motor vehicle taxes insofar as motor vehicle owners are concerned.

Factors Influencing Individual States to Resort to Toll Roads

The justification for toll roads has varied widely between the many states which have adopted them. One or more of the following considerations have been responsible for their construction:

(1) The State has found itself in the position of a corridor state with a nigh proportion of out-of-State vehicles regularly using its main interstate

highways, without contributing anything to their provision.

(2) The gasoline tax is higher than in adjacent States, and the size of the State is such that out-of-State motorists can cross it without purchasing fuel and hence, without contributing revenue for highway purposes.

(3) Attempts to augment highway funds by increasing user-taxes or by issuing general obligation bonds have not been successful from past experiences. In certain States constitutional limitations on indebtedness preclude the issuing of general obligation bonds for financing highways.

(4) The dispersion of highway funds obtained from normal highway user-taxes over all roads and streets has prevented the concentration of sufficient amounts on the major rural and urban highways to improve them to accepted standards within a reasonable period of time.

Despite the growth of toll roads, there is considerable disagreement as to their advantages and disadvantages among both highway officials and representative groups of highway users.

The principal advantages of toll roads would appear to be:

"(1) The immediate realization of the benefits of modern highways for high-density traffic routes which might otherwise be long deferred. They also permit Government to concentrate highway revenues on the remainder of the highway system.

(2) They constitute an equitable method of financing superior highway facilities in that the collection of tolls allocates the cost of the facility to those who derive its benefits, appropriately distinguishing between users and non-users as well as between present and future users. Toll roads, therefore, are not only economically self-sufficient, but possess additional merit in that users pay for the facility in direct proportion to the use made of it.

(3) Safety of operations, the reduced accident rate stemming from the limited access features of the road such as the medial strip, the elimination of cross traffic, control of access and egress, and the assurance of adequate sight distances.

(4) Economy in motor vehicle operation through the elimination of sharp curves, and the utilization of smooth flowing spirals and maximum grade limits.

Some of these advantages, of course, are really more functions of design than of finance,

"and are equally possible of achievement in free roads, but as Messrs. W. Owen and C. L. Dearing of the Brookings Institution in their book on 'Toll Roads' point out ....

> '... this must be of only academic interest to the highway user, if they are not possible of being realized through traditional means of financing.'

Toll financing has the additional advantage of contributing to the most economic allocation of resources by directing capital expenditures to the right facilities and in the right amounts. It thus has the merit of introducing restraints on wasteful or unnecessary developments, and in this way assures a strict balancing of costs and revenues for, when a project is expected to be self-supporting, more rigid cost-benefit comparisons are necessary than is the case when it is financed from general user revenues.

The principal disadvantages of toll roads are:

(1) Toll roads involve duplication of investment since they cannot accommodate short-distance local traffic. This, of course, is a disadvantage of any limited access highway whether it be a toll road or a freeway.

(2) Toll roads occasion higher costs. First, revenue bonds based on earnings of the toll facility

"carry higher interest rates and larger market discounts than do similar obligations backed by the Government; secondly, the cost of toll collection is higher than the cost of collecting gasoline taxes and motor vehicle fees.

(3) Parallel free roads would be inadequately maintained. Experience with toll roads is so short that evidence of this possibility has yet to be established. Toll roads, however, are located in high traffic density areas, and presumably the parallel free road would be of a high standard, which a competent highway department would not allow to deteriorate. Maintenance expenditures on the parallel free road would probably drop somewhat, it is true, but this would be due to less use of the free road rather than intentional neglect.

(4) Toll roads constitute a form of double taxation. Present tolls amount to the equivalent of an increase in the gasoline tax of 15 to 20 cents per gallon. It is suggested, therefore, that it would be sounder policy to require all highway users to pay increased taxes which could be used to meet highway needs in total.

Professors Owen and Dearing concluded that:

> '...On balance, the arguments against the toll road are not of such over-riding importance that they preclude serious consideration of this method of finance.'

"Toll Roads Differ from Free Roads only in the Method of Finance

While toll roads represent the ultimate in convenience, economy, and safety of motor vehicle travel, they offer no engineering features that adequate financing cannot provide for 'free' roads. Good engineering practice provides facilities geared to the traffic to be served and not to the method of finance. Thus, toll roads do not differ physically; but only in the method used to buy and pay for them. Hence the question 'Why Toll Roads?' is primarily one of highway finance and taxation. It follows, therefore, that the place of toll roads in modern highway development depends upon the contribution they are able to make to the general problem of highway finance.

Toll roads have been variously termed a symptom of inadequate highway financing and a symptom of the highway disease. Thus have them served to focus attention on the apparent inability of conventional methods of finance to produce the necessary revenues to provide roads in keeping with the increased volume of traffic and, more important, the growing trend towards larger and heavier vehicles.

In defense of the traditional user-charge principle, there is by no means agreement that the

"possibilities of existing methods of road finance have been exhausted. In fact, there are those who feel that a revision of the present level of motor vehicle tax rates, together with a more equitable division of highway costs between vehicles of different sizes and weights, could accomplish precisely the same results as toll roads for, in spite of the very substantial increase in highway costs since the War, closely paralleling the trend in prices generally, user-taxes in terms of constant dollars are only a little more than half of what they were in 1939. Registration and license fees have remained relatively constant throughout the post-war period and the gasoline tax has increased by only about 43 percent."

I would like to say that your Province has made adjustments in license fees, so this statement does not apply in full to the Province of Ontario.

"In fact, for certain groups of highway users --those operating diesel vehicles--fuel tax payments have actually decreased due to the greater efficiency of diesel fuel. Furthermore, substantial reductions in highway costs might be possible of achievement if vehicular sizes and weights were made to conform more closely to some reasonable standard of highway design. Adequate enforcement of legal load limits

"would realize savings of equally substantial proportions since overloading produces an insatiable drain on the highway maintenance dollar."

I have been pointing out the reasons for certain people feeling that conventional methods of financing user-taxes and general taxation could still do the job in providing highways, provided the highways were still built into the general taxation system.

It would appear, however, that the modernization of highways, through increased user-taxes, is difficult of achievement. Proposals to increase user-tax rates encounter great opposition not unusually from the very people who are willing to pay toll equivalent to a gasoline tax of 15 to 20 cents per gallon for the use of toll roads. Attempts to increase registration and license fees must face up to stubborn opposition from commercial operators, despite the relatively small effect any such increase would have on their operating costs and freight rates. Proposals to increase the gasoline tax are opposed on the grounds that it is the most regressive of the several forms of highway user taxation as the burden falls most heavily on the private passenger car and the light commercial vehicle. Thus it can be said

"that, while highway users are in agreement on the urgent need for better roads, such is not the case when it comes either to the matter of supporting the cost, or where expenditures should be made.

Under these circumstances, the possibility of financing a substantially increased highway program from conventional sources of revenues is limited, which in turn has developed support for the toll road, because at least part of the highway program can be realised through this device.

With a view to preserving a sound competitive framework within the transportation industry, The Railway Association of Canada supports the principle of self-liquidating toll roads as an equitable method of highway finance, provided the following conditions are met:

(1) Toll roads should be economically self-supporting and not backed by the general faith and credit of the Government authorizing their construction. Toll roads make no contribution to the problem of highway finance if they are to receive financial support at any stage of their operation from general Government revenues. This view was strongly stressed by Mr. C. L. Dearing, Assistant Under-Secretary of Commerce for the United States,

"before the National Conference on Highway Financing in Washington in December, 1953. He stated:

> 'In my judgment, the major role of toll roads in the problem of highway modernization will be realized only if the concept of self-liquidating enterprise is preserved. That is, the financing should be done exclusively through the sale of revenue bonds to private investors. The use of general tax revenues or the full-faith and credit of the governments for this purpose invites the substitution of political criteria for sound engineering traffic programming, and economic tests in determining when and where a toll should be built.'

(2) Engineering studies should establish the economic justification for a toll road, and there should be a prior finding of public convenience and necessity by an appropriate Government authority.

(3) Revenue bonds used in financing toll roads should be amortized well within the life of the toll facility without resort to refinancing of such bonds.

(4) Toll roads should be adequately maintained at all times exclusively from toll revenues.

"(5) Toll road authorities should be required to establish and maintain a toll structure under which commercial vehicles will pay a rate per ton of gross weight no lower than the average rate per ton of gross weight paid by passenger automobiles.

This Brief is respectfully submitted on behalf of the railways I have listed in commencing the Brief."

THE CHAIRMAN: Thank you Mr. Scott, you covered a great deal of territory in this brief. We have some questions to ask you.

BY MR. CHILD:

Q. On page 7 on the question of toll roads being economically self-supporting, in view of the fact that we must build adequate highways to carry our traffic, I would like to ask you whether, if they do not support themselves 100 percent., you would believe that it would be better to get back 75 percent. or 80 percent. of the total cost than to get back nothing at all?

A. My feeling is that if you are going to build a toll road, it is an economical self-supporting road. If you feel that there is any need for general revenue financing, you might as well stick to freeways. In this toll road development in the United States, there have been two distinct aspects which are not generally appreciated.

They have the toll road, the self-supporting type of organization. Secondly, they have the ton mile tax, or toll device, which is still a toll, but it is not based on the self-supporting toll road principle. In my humble opinion, I feel that possibly the greatest authorities on the question are Professors Owen and Dearing of the Brookings Institution. That is a highly qualified research group on the social sciences. They point out in their book a distinction between the toll road which is self-supporting -- and which I presume is what you are considering -- and a toll device or a toll gate as a means of collecting additional revenue. They make it clear that the trend in the United States, in different States, to a ton mile tax is simply an application of the toll device as a means of augmenting inadequate revenue for building roads. In direct answer to your question, I respectfully suggest that if you are going to build toll roads on the basis that you are going to continue contributing to their support from general revenues, you might just as well stick to freeways, because it is not a toll road, it is not the type that is being considered, I understand, by this Committee.

BY MR. AULD:

Q. We have been told -- and it appears to be true --

that the highways, and particularly the super highways, are playing a part in the economic situation similar to that which was played first by the rivers and then by the railways. Following along that line, Canada was united by means of the railways and there has often been quite an argument as to whether the railways are self-supporting or not. They were built as a means of developing the country. The same thing may hold true with regard to that type of highway which originally interested me as being not a self-liquidating proposition but one which is not unreasonable, and which one might assume would pay after four or five years' time. If you build a certain type of highway in the province and at one place you charge for it and at another you do not, it would seem that there might be some unfairness. It appears that we are getting into two types of highway, the local roadway in the city or country and also the expressway, where the local traffic uses the secondary road and the expressway is for traffic going longer distances. That is happening both in the United States and in Canada.

A. You raised a number of points there. I do not wish to get into the question of considering what railways have done when competing at one point. We must remember, whether we like it or not, that railways,

because of being subsidized, took on various other obligations which no other carrier is required to bear. I do not need to go into details on that. I may say that we move one-third of the traffic at rates effected in 1899. That is a type of public obligation which no other carrier is required to observe.

Every other form of commercial transportation is required to operate or to shut down its service, strictly according to commercial requirements. That is an important distinction when you talk about subsidies. Our subsidies are based on obligations in developing the country, in the remote areas or routes or types of traffic which in the interests of national economy must move at relatively low rates. There is no requirement for any other commercial traffic to operate if the operator does not wish to do so. He does not have to serve any area,or carry any traffic, if commercial considerations make it uneconomic for him to do so.

Q. On the other hand, there are highways which may not carry a great volume of traffic?

A. That is true. We are pretty well back to the type of question which Mr. Child has put. That question is as to whether or not there is some scope for the government itself in helping these toll roads. I can only repeat--I do not say it is right--that if that

is the intention of the government, then there is no argument for a toll road. You are simply setting up superior freeways, of the limited-access type, with special entrances and exits, by-passing places of congestion; and in that sense you have not got a toll road in the commercial aspect which has been developed in Maine, New Jersey and elsewhere.

BY MR. ROOT:

Q. I think the original argument for a toll road lay in the fact that it is a controlled-access route, making it safer to ride on and that it is a faster road. Whether the transport is private or whether it is a commercial user, he is getting some facility which can not be had on an access highway. It is an argument for a toll, even though there is not sufficient to maintain the whole cost of the road.

A. I agree here that you are providing superior transportation facilities. It is not a local access road. You are adding to the transport resources of the country. You are building for specific purposes, to relieve congestion, to improve the economy, to speed up the service. For that reason, you are in the transportation business, whether you like it or not; and unless an adequate charge is made for it, then comparative forms of transportation cannot help but be affected. I

am not here arguing a railway case, but a rational case on toll roads. Your argument that you could pay for superior service, as apart from the transportation danger, is one hundred percent. correct. Why should you build a superior facility for the man in a high density traffic area, when people in other parts of the province have to put up with inadequate roads? We have been concentrating our revenues on that and providing for high traffic density roads, while at the same time we have been neglecting our farm and our market roads, which are equally important. We have been to a large extent duplicating transportation facilities along heavy traffic routes and we have been ignoring feeder roads and supplementary farm and market routes.

BY MR. MacDONALD:

Q. What would your view be on the advisability of bringing existing toll access highways, now free, but which can carry traffic heavy enough for toll purposes, to switch them into a toll picture?

A. Mr. Dearing, has suggested that the toll road is just one aspect of the whole highway finance picture. We also have to get into what they call the "toll device" on high grade superior highways. They claim that if we are going adequately to provide highway facilities required without putting too big a drain on general govern-

ment revenues, we not only will have to maintain a toll facility but all superior facilities which have been built will have to be similarly treated to some extent as a toll facility. They call that a "toll device" or a supplementary toll tax. That procedure is in effect in Oregon, New York and in Ohio, which is simply a ton mile tax. There is great opposition to the tax, I agree, and I would not have brought it up here. The ton mile tax is simply a form of toll road, applied to high grade or superior facilities, which they feel should be paid for by those using it.

Q. Do you make any difference between the ton mile and the weight mile tax?

A. There really is no distinction. The ton mile is the better.

Q. Do you think the weight mile is a more equitable one?

A. I think it is entirely a matter of conditions with which you are dealing. In the case of Oregon, it is a weight mile tax. In the case of Ohio, it is an axle mile tax. In the case of New York, it is a ton mile tax. You must look at the traffic composition. You must make some kind of incremental analysis of your highway problem. You have to pinpoint how much additional cost is being built into it. The State of

California which has a ton mile tax is one which determined that 32 percent. of the cost coming from 3,000,000 vehicles covers it.

If you build a highway to the requirements of the 50 ton, 60 ton or 70 ton vehicle, the cost, over and above the cost you would have had to pay to build a normal highway, must, on an incremental basis, be passed to the vehicles responsible for causing that cost. In the State of California where you have not the same railway facilities -- highway transportation is approximately 70 percent. of the total transportation -- you have a preponderance of heavy commercial vehicles. I believe there would be some place in the economy for a ton mile tax, but it is something that must be considered after sound economic and engineering studies have been made. I would not care to say that Ontario, compared to Alberta, is in need of it. It is a development of highway finance that we cannot ignore.

Q. There are two or three more new fields or alternative ways of financing which support the basic proposition presented to us in the brief yesterday. It is said that we should take a look at the over all taxation procedure. While you support the principle, you support it in terms of two major conditions, neither of which, in my judgment, are possible, namely, when you

have bonds that the government is not going to support, you take into account that in Canada our bonds are not tax free, as compared with the United States. That introduced a factor which makes necessary the study of amortization of the bonds. Your primary statement involves the basic principle you have laid down in support of toll roads. It is the same with regard to point (1) on page 7, which reads:

> "Toll roads should be economically self-supporting and not backed by the general faith and credit of the Government authorizing their construction."

This is the sort of stipulation that you have for endorsing the principle?

A. Yes. We say that if the Province of Ontario is planning to get into toll roads, unless the conditions are met first, you are not in toll roads, you are in toll devices, but not toll roads as that is understood in the United States.

BY THE CHAIRMAN:

Q. The question that interests me is this business of the government backing the bonds or securities or whatever they may be for construction. The fact that the government backs them does not necessarily mean that the government ever is going to take anything out

of the General Revenue Fund to pay for them. It might mean, from a practical sense, that you would finance $200 million or $300 million at perhaps 1 point less in financing cost. That point also has been raised in anticipation of the economic development of our Province, which is going on in all fields. In order to do an efficient job of planning, we have to make some intelligent guesses -- or at least we hope they are intelligent. It might be necessary, to get proper financing, to have a preferential backing at point "A". You may fully anticipate that the need for that may be gone five or six years hence. That is a modification of a very rigid position that you have taken up in this brief. I wonder if you have any comments to make?

A. My comment is based on my experience. I fully agree with you that anything can be financed more cheaply if you have the backing of the government. There is no question about that. There is certain to be a lower interest rate. On the other hand, if that is the decision, if your interest is the cheapest method of financing highways, it may be that a revision of your taxing system, or re-allocation of your taxes, along the freeways, is what you want. To me, a toll road is a specific type of development by which the highway is looked upon as a modern commercial public utility.

Therefore, you finance it on the basis of straight commercial considerations and not on the basis of government consideration.

Of course, the other question is that, once you get the thin edge of the wedge when you back these things, you find yourself backing the operation. That has happened in Florida, which is one of the worst examples of toll road finance. You get extensions of it. You find you want to extend the road and you find that has to be done without proper pre-engineering studies and pre-economic studies. You get into extensions where there may be a completely economic toll road in the first instance but when you extend it, the justification may have gone for that toll road. My fear, which is based on considerable reading of this question, is that once you get into the toll road on a government basis, to that extent you are simply leaving the door wide open for getting it in a larger degree, and then, of course, you have not got toll roads but you are back to free roads.

THE CHAIRMAN: That is a very broad political principle.

BY MR. REAUME:

Q. There is one very pertinent thing we found in the brief which was presented to us by Mills,

Spence. It was pointed out very freely that in the opinion of the financiers we could dispose of our bonds without the approval or guarantee of the government.-- of course, at a higher interest rate. I think that the principle of financing the roads by making the people who use them pay for them, is a good one. I think you will find in that brief of Messrs. Mills, Spence, they said that, in their opinion, where the traffic was such to warrant the establishment of a road, they felt they could go on the open market and dispose of the bonds without the o.k. or guarantee of the government.

A. I think that is right.

Q. On page 5, regarding article (4), do I understand that in the event that we entered into a scheme of adequate building of roads of the type we need -- I do not think there is any question but that we must have good roads -- if we do institute a system of tolls and want to go on with them, it would be the equivalent of raising a tax on gasoline by 15 cents?

A. In the United States, the toll for a private car ranges from one cent per vehicle mile to one and a half cents. The toll for a truck is from 4 cents to 7½ cents. If you work that out in terms of gasoline consumption and apply the tax rate per gallon, you find

that they are paying in their toll a sum of money which, if they paid it in their provincial gas tax it would be 15 or 20 cents, -- about the same thing. That is to say, if you raise the tax on gasoline by 15 to 20 cents, it would be equivalent to what they are today paying in the form of toll.

Q. Would that mean that all the users of cars and of gasoline in the Province would have to pay, or only those driving on these toll roads?

A. Just those driving on the toll roads. It is another way of saying that the toll is equivalent to a 15 to 20 cent increase in the gas tax.

BY THE CHAIRMAN:

Q. There is no consideration given there to the economies of operation which come from the use of such roads. The bare figure could be a little misleading.

A. In the case of the Pennsylvania Turnpike, they built a toll road to get away from an expensive mountain stretch. No driver in his right mind would use the Pennsylvania Turnpike, because of the additional delay. You have the savings in wear and tear, and the distance shortened half. They would not think of using the freeway. You could not do away with the taxes but the improvement in service is so great that they would continue to use the toll road. There are similar possibilities in this province.

Q. You might be interested to know that one traffic operator out of Albany has gone on record to the Toll Authority that he saved in one year, over and above the amount of the tolls he spent, a sum of money in reduction of insurance premiums because of the fewer accidents.

A. The railways position should be made perfectly clear. We say that with toll roads we would be in a poorer competitive position.

BY MR. REAUME:

Q. I was wondering why you were in favour?

A. Our stand over the years has been that the commercial traffic should pay adequately for the highway. If the operator still has a substantial advantage over the railway, that is progress and we should not be in the business. That has been stated by Mr. Garton, that there is no point in arguing the position, if we are taking a biased position. We know cases where toll roads have been to our detriment. We have for years asked that competitors pay an equitable amount for roads. How, then, can we turn it down because we know we would be adversely affected?

MR. REAUME: That is a very brave stand.

BY MR. MacDONALD:

Q. The interesting principles which you set forth

amount to the elimination of further subsidies to your competitors?

A. Which we feel is sound.

MR. MacDONALD: The toll road becomes another way to subsidize the competitor of the railway.

MR. REAUME: That is why I say it is a brave stand.

THE CHAIRMAN: Some additional taxation must be raised. Whether you do it by toll roads or by some other method, Mr. Scott points out the advantages and disadvantages of the toll road. I am interested in this matter of the ton mile tax. I must admit that I am woefully ignorant of that.

BY MR. MacDONALD:

Q. Our Secretary has all the details.

A. The ton mile tax is just a form of toll.

BY THE CHAIRMAN:

Q. How do you apply the ton mile tax to a specific stretch of road? Would it not apply to a man driving on Highway 4 as well as it would apply to a man driving on Highway 401?

A. A ton mile tax as a universal tax within a province or state applies only to vehicles of 18,000 lbs. and over. At the moment the allocation of costs between a small and a large vehicle is not fair.

Therefore the way to get supplementary revenue and to equalize the burden on different carriers is to apply it against the heavy vehicles which you feel are responsible for more of the cost of your highway and which are not contributing on the same ton mile basis, the vehicle mile basis or the axle mile basis, as the private car and smaller truck. This whole question of highway finance is a very important one. I merely add this by way of additional information.

A large proportion of the tax is raised by the trucking industry from city streets. Most of your trucks -- three-quarters of them -- are on the city streets. Taxes are raised, and then the industry talks about it as a contribution to highways. It is not a contribution to highways, but a contribution to the revenue of the provincial government. The actual source of the money is coming from a point on which little of the revenue is being expended. Therefore, they say that in regard to the road carriers, it would appear that there is a certain degree of inequity between the taxes on different vehicles. We try to balance this by raising supplementary revenue by a ton mile tax, which is applicable on all highways to vehicles of a certain size and over.

Q. It would not accomplish the purpose of having

the man who uses the superior facility pay for the construction and maintenance of that facility?

A. That is true -- not unless it was welded to your superior facilities.

Q. How could you do that? A 30,000 truck can roll down the Queen Elizabeth Way, 401, and also on any of the other highways, and it would be impossible to say where it is going.

A. The ton mile tax is applied anywhere in a province or state which happens to accept that method.

BY MR. MacDONALD:

Q. It seems to me that the validity of the ton mile tax -- with which I do not claim to be acquainted at all -- is established by the fact -- the other figure is not given -- that 53 percent. of the cost of these new, modern, super highways is derived from the standard of highway you have to pay for, to meet the needs of 3 percent. of the people driving the great big trucks.

A. I quoted 52 percent., which was quoted by California in a joint fact-finding commission. That may not apply to other States. From my five years intensive study, I find that conditions vary between provinces and between states.

MR. MacDONALD: When one examines the increase in the cost of highways, because there is so much more

feeling, more talking, more comment,and so on, without knowing the exact figure for Ontario, it is highly likely that a large percentage of that increase derives from the standard you have to put in to keep that 2 per cent or 3 percent. of heavy vehicles travelling over it.

THE CHAIRMAN: The most direct way of attaching that cost to the vehicle would be by the toll principle.

MR. MacDONALD: Why not a ton mile tax?

THE CHAIRMAN: Because the ton mile tax would apply regardless of what road he happened to drive on.

MR. MacDONALD: Why not? He will destroy the lighter road more quickly than the heavier one.

MR. ROOT: We should realize that every state is different. Ontario is based on the trucking system from one end to the other. The rail transportation system is denied to a large part of the province. Certain provinces have main railway lines, some have air facilities which are denied to other parts, yet all have been subsidized by public funds. In rural Ontario one hundred percent of the transportation depends on the truck. If you are to develop the province as a whole, you must keep that in mind. That is why I think the toll is fairer than the ton mile. The ton mile system will hit the man who is "stuck" in the mud whereas the toll will

hit the man who is driving on roads more safely and faster.

MR. MacDONALD: If he is driving on a road of a lower standard he will wreck it more quickly than on a super highway. You need to raise more money.

MR. REAUME: Are you in favour of that principle?

MR. MacDONALD: I said I am not an expert on it, but it strikes me as having a great deal of validity.

MR. REAUME: I am happy to hear you mention that.

MR. ROOT: Certain parts of Ontario have only one means of transportation. Other parts have three or four means. If the ton mile tax hits the municipality, that is only one means. If you tax the super highway, with the railway and water in competition, the business man has other alternatives.

MR. MacDONALD: You have a great many railways and roads in the back country.

THE CHAIRMAN: This is a discussion we will have to resume probably at greater length. We have another delegation waiting and time is going on so perhaps we should postpone this discussion.

On behalf of the Committee, I would like to express our appreciation to you and, through you, to the Railway Association of Canada. You have raised many

points that merit very close consideration and you have given us information that undoubtedly we had not received before. For all of this we are very grateful to you.

THE WITNESS: I would like to thank you and the Committee.

I would point out that we have not had many opportunities of appearing before provincial committees. We have felt a little reticent about coming forward, as it looked as if we have nothing much to put forward. I have been doing nothing but working on this problem for four or five years. I have a complete library and if at any time it would be of any advantage to your Committee, we would be delighted to let you use it and to keep it as long as you wished.

---The Witness retires.

THE CHAIRMAN: We have a delegation here now from the British American Oil Company, Limited. Mr. Godsoe will present the brief.

MR. GODSOE: The brief which we will distribute is a very short one and the reading of it will not take more than ten or twelve minutes. It is divided into two parts. The first part deals with the merits of demerits of toll roads. I hasten to add that we do not profess to be experts. We are an independent Canadian Company, and have no parent company which has

had any experience with toll roads. In an attempt to be of any possible assistance we have had Mr. Garton and others looking at the experience of toll roads in the United States. We do not feel we know enough about the position to take a stand on it. We have not had the time that the gentleman who has preceded us has had. Without professing to be experts, we would direct your attention to one or two things that impressed themselves on us and which might be of value to you. However, I believe, from what I have heard today and from the newspapers in the past couple of days, that many of these things may have been brought to your attention before this.

The second part of our brief is devoted to something you will have to deal with, the service stations, on whatever type of roads you require. We profess to know something about that, based on our experience. We go into that in a little bit of detail. Following the reading of the brief by Mr. Garton, should there be any questions, Mr. Winter, our authority on service stations, will be glad to answer in that connection. On toll roads, so far as we can substantiate some of the expressions will be directed to your attention by Mr. Garton. Then, if there is any question of general policy affecting the company, I, on behalf of

the company, with the assistance of my colleagues, will do the best we can to answer them.

G. W. GARTON,

Manager of Marketing Operations, the British American Oil Company, Limited, appearing before the Committee, but not being sworn, deposes and says:

THE WITNESS: We have brought twenty copies of this brief. I will go through it as quickly as possible.

(Page 1165 follows)

"INTRODUCTION

We appreciate very much this opportunity of conferring with your Committee on the possible application of toll roads towards the solution of traffic problems in the Province.

At the outset, we would like to make clear that we are not here as experts on toll roads; as an independent company with marketing operations confined to Canada, we have had no direct experience in the matter. However, in an endeavour to be of some help to the Committee, we have obtained information based on the experience of others under toll roads in the United States. We have also reviewed the findings of a number of surveys made in the U.S. and Canada, a considerable amount of published material both in the U.S. and Canada, and data from other informed sources, and, admittedly, any comments we make in this brief on the relative merits of toll roads are based largely on prior appraisals and are of value only to that extent.

At the same time, however, we do feel that we have a singular experience with government-controlled and regulated operations and the characteristics of traffic on Canadian expressways, being one of but

two companies operating on Highway 400. We believe that our submissions, born of this special experience, are worthy of consideration by your Committee.

GENERAL OBSERVATIONS ON TOLL ROADS:

Of the observations that have come to our attention on U.S. toll roads, we would like to mention six that to us seem most pertinent:

(1) In a national reference to toll highways, the Canadian Tax Papers booklet No. 8 entitled 'Taxes and Traffic', and published by the Canadian Tax Foundation in June, 1955, points out that toll roads in the United States have been more expensive to construct than free roads. Cited among the factors accounting for this are the necessity of denying access at every intersection by either over or under passes, and the costly installation of toll gates. Furthermore, financing costs of toll roads tend to be greater than the cost of comparable free roads. A higher interest rate is carried by bonds issued by the Toll Authority, which are secured only by the revenue potential of the toll road.

In addition, collection of revenue can be expensive under a toll system and U.S. experience has shown that it can vary from 1.7% to 15% of all revenue.

(2) It would appear, from this report and other articles, that toll roads not only fail to solve today's most severe traffic congestions, namely, those occurring in urban or metropolitan areas, but actually aggravate them. With entrances and exits kept to a minimum for efficiency and economy, the toll road funnels its traffic load through the terminal into these already-congested fringe areas for distribution by the free-road system. Such abnormally heavy traffic (a) increases maintenance costs of free roads, and (b) forces the construction of new local roads. These additional costs mean, in effect, that toll roads throw an extra burden on taxpayers generally.

(3) History has shown that on toll highways there is a danger of establishing on a monopoly basis, restaurants, service stations, motels and other facilities required by the motorist. In some states, where such monopolies, or limited competition, exist, prices paid by drivers for these services on toll highways are at a much higher level than at dealer outlets in the surrounding areas where there is free competition. For example, a survey made in Connecticut not long ago showed that gasoline prices on toll roads were as much as 8-1/2¢ per gallon

more than on free roads.

(4) As a regional illustration, it is interesting to note that California, with a population of over 12,000,000 and a smaller geographic area than Ontario, has handled its traffic problems to date without the device of toll roads.

(5) One significant aspect to which, undoubtedly, the Government of Ontario has given some attention, concerns the Fallon Bill (H.R.7474).

It was based on the Federal Government financing interstate highways on a pay-as-you-go basis over a period of twelve to fifteen years, and assumed that Federal responsibility existed to the extent of 90% of the capital cost of construction and right-of-way, with the individual States contributing 10%. The Fallon Bill was defeated in the United States Congress in 1955 but is, we understand, by no means a dead issue. Some highway authorities have stated that eventual passage of the Bill would spell the end of the toll road movement in the United States. A fair speculation would be that similar legislation, if enacted here, could have the sameeffect.

(6) In October, 1955, the Canadian Business Travel magazine conducted a public opinion survey, which

showed a Canadian national average of 73% against toll highways, mostly 'because they would affect individual business and would be uneconomic'.

With Canadian public opinion still apparently withholding majority support, and because there may be conditions peculiar to the United States which do not exist in Canada, it may well be that the construction of toll highways in Ontario at this time might be premature.

COMPANY'S CONTROLLED-ACCESS HIGHWAY EXPERIENCE:

Since both toll roads and free highways such as Highway 400 embody a controlled-access feature, we believe our views regarding the present policy of the Government for the operation of such highways may be helpful to the Committee in establishing future regulations mutually satisfactory to the motoring public, the Provincial Government, and the supplying oil companies.

We have now had more than one full year of experience in the operation of our station near Cookstown on Highway 400. Briefly, the peculiar problems encountered in this location have resulted in operating costs much higher than the average cost of all other service stations across Canada.

We would like to draw attention to some of the

basic problems: high cost of site preparation, building and maintenance; the provision of twenty-four hour service (involving such things as extra lighting); daily and seasonal traffic fluctuations; staff problems (arising from the recruiting and transporting of personnel for odd hours) and restroom requirements, abuse and upkeep.

A further operational liability is the limited requirement for service bays, lubrication and other service equipment on fast highways such as Highway 400, unless the service station is located immediately adjacent to a town.

These represent but a few of the problems, but we trust they serve to illustrate the special character of this form of service station operation.

RECOMMENDATIONS:

As a result of experience gained at our Cookstown location on Highway 400, therefore, we respectfully offer the following recommendations under eight specific groupings for consideration by the Committee:

(1) Number of locations

We suggest that service stations on controlled-access highways should be allocated on an equitable basis, with careful consideration for the needs of

the motoring public. The number of locations permitted on any particular stretch of highway should be commensurate with:

(a) the volume of traffic,

(b) a qualitative analysis of the traffic, with reference to its origin and destination;

(c) the ability of the operator to realize a reasonable profit.

(2) Representation

The needs and conveniences of the motoring public should also be essential factors in deciding company representation. The majority of all highway users understandably look for the facilities of companies whose scope of operations compels a high degree of responsibility toward the motoring public. For instance, companies whose operations extend from coast to coast conduct travel bureaus and other promotional programs which serve to assist in bringing in many thousands of touring motorists from all provices and indeed from outside the country. To meet the demand created by these as well as Ontario motorists, ample representation must be provided by the obligated companies. Motorists should not be restricted in obtaining brand products and services from companies of their choice.

Experience shows that our customers require servicing facilities spaced at not more than fifty-mile intervals on each side of a highway. Because of the problems inherent in equipping, staffing and operating a large station in a country location, the volume of annual sales is important if the operator is to obtain a fair realization.

(3) Government-Industry Liaison

In order to provide optimum service for the motoring public, we would recommend that the Department of Highways consult with representative companies in the petroleum industry, so that we could assist with suggestions as to the total number and location of outlets for any particular controlled-access road.

(4) Purchase of Property

Once the number of service station sites has been determined, we submit that the properties should be made available for outright purchase to afford protection for the unusually high investment required for this type of outlet.

(5) Service Areas

We believe that, in the interests of the motoring public, the best features of safety, accessibility, scenic beauty and the preservation of competitive outlets could be served by the establishment of one

or more service station locations on each of one or more specially constructed service areas, beside the expressway.

Observation of the plan used in the State of New Jersey would seem to indicate this is a workable solution to a vexing, many-sided problem. We have provided a sketch to illustrate this point.

(6) Service Area Approaches

To ensure an equitable distribution of available locations among competitive companies, and to meet the requirements of the motoring public, we strongly recommend that the Provincial Government:

(a) provide paved acceleration and deceleration lanes to reach a location;

(b) level each location to the required grade in relation to the highway, and

(c) provide water facilities for service station, restaurant and restrooms.

(7) Separation of Facilities

We are firmly convinced that the physical location of the service station should be separate and distinct from restaurant facilities, since studies show that these two retail operations, for most customers, are unrelated. Even more important,

we believe that safety considerations alone should dictate the necessity for this separation, although it may be desirable to locate both in one general area. Furthermore, each should be operated separately.

(8) Service Station Design

We suggest that the type of construction should permit the petroleum company to incorporate architecture identified with its particular trademark, its standard design and other features that have evolved from careful study and experience. For efficient and economic operation, the facilities provided at the service station should reflect prevalent traffic conditions at the location.

In this connection, we again urge that the Department of Highways consult with those of us in the industry to establish standards for service station, area, construction and operation.

CONCLUSION

To conclude, we most respectfully submit that separate service station facilities, allocated and built according to principles derived from consultation between government and the oil industry, and operating under competitive free enterprise on

a profitable basis, will enhance the usefulness of Ontario's controlled-access highways to the motoring public and contribute to their consolidation and further economic development in the Provincial Government's total roads program."

MR. WINTER: We have also prepared this sketch (indicating) and also this enlargement of it showing the layout. You will see first the acceleration and deceleration lines, and the trade area which might take in one or two or three service stations. It also shows the feeder routes. There are arguments for and against this plan but it seems to us it would solve the problem for the highway authority, for the motoring public and for the petroleum suppliers. This point here (indicating) is the road, whether it be a toll highway or a limited-access highway. This (indicating) is the run-in area. The trading area would be much greater in size. Our idea was that the Highway Department or the Government would level off the sites and would build the acceleration and deceleration roads, and the service roadway in. Perhaps it also would sell these sites off to the highest bidder for the various jobs which they are intended to do. A certain standard of operation would be required. It seems to us that this would give the safety feature required and that it

would take care of the motoring public.

This point here (indicating) shows a feeder going into the area. It takes in some of the features of our service stations at the Cookstown interchange. With the problems that arise from restaurants and so on, they are not of sufficient size for a trading area, even for one. We have shown also a motel, a restaurant and two service stations. It may be rearranged any way you wish. We believe that will allow free enterprise to exist and give the safety required on the highway.

BY MR. MacDONALD:

Q. Was the comment, that the Government would "sell off to the highest bidder", with reference to the motel and so on, or with reference to the service stations only?

MR. WINTER: We thought the land might be sold by the Government.

MR. MacDONALD: Is there any danger in adopting the principle that there be an equitable division?

MR. WINTER: Perhaps the Highway Department would consult with those of us in the industry who have had experience with this. I do not think the Highway Department wants to have all one company, but we feel, after the Cookstown interchange, that it would be

for the Highway Department to develop the service, to level off the ground, to make sure of the water supply and to arrange for the septic-tank systems.

MR. AULD: Is it your point of view that the service station should be located at an intersection, as opposed to placing it in the middle of nowhere?

MR. WINTER: We think that with this proposed layout the motel could be over here (indicating). If you have two service stations they could be on either side of the feeder road, although in the motel trading area.

MR. GODSOE: We think it would be better from our experience. We have had to have a great deal of transportation for the Cookstown staff on account of the casual operations. The costs ultimately were passed on to the consumer. Therefore, it would be preferable not to have it out in the wilds. The restaurant caters to a vast number of people, coming for week-ends. If it is out there, you are not able to get staff. We built these stations and we were the only ones who did. We have come in here in a broad way to make suggestions to you that may help in the future.

In reply to Mr. MacDonald's question, at first blush there may seem to be an inconsistency. We believe the public should be enabled to get the products of their

choice. In the United States, there has been a monopoly on some toll roads. We are definitely against that. We do not think it is in the interest of the public. Secondly, we feel that an allocation among the companies proposing to go on the roads, should be based on representation or some other equitable way which could be worked out. If you did have a tender method those questions could be considered, all things being equal.

MR. AULD: In other words, you might not allow someone to tender who had stations already?

MR. GODSOE: Yes.

THE CHAIRMAN: If you group three service stations and locate them according to the traffic, how far is it going to be up the road before you can put in another service station, that is, before you would put in three more stations?

MR. MacDONALD: They state "50 miles" in the brief.

MR. GODSOE: We find that we require outlets not more than 50 miles apart in order to service the customers properly. They require rest rooms, but maybe not at the 50-mile point. They certainly do not require them at less, but they do not go beyond 100 miles.

THE CHAIRMAN: It seems to me to be a terrific

duplication -- three stations at 50 miles; three more stations at another 50 miles.

MR. GODSOE: You might have companies "A", "B", and "C" at the first three. Fifty miles later on you may have companies "D", "E" and "F". A number of the tourists coming from the United States have credit cards and a restricted amount of cash. They can only use the company whose credit card they have, so that company should have representation.

MR. AULD: Your experience on the 50 mile basis is in servicing a different type of traffic. You are speaking of the province-wide and the local areas; but on a highway such as this the majority of the traffic is not going to fill up the tank more than a couple of times on a long trip. Therefore your premise would not hold there to the same extent, on that express highway as it would in villages and towns where you may have customers every 50 miles.

MR. WINTER: It depends on the traffic, we can determine the amount of traffic in each case. We say that out of every hundred motorists, six will turn in who buy an average of 4.7 gallons per customer. Therefore, the mention of the 50-mile limit does not mean that we want a station only every 50 miles. In the summer time, we need them every three or

four blocks, depending on the value of the franchise assigned to the dealer.

BY MR. AULD:

Q. The total number would be determined by the amount of traffic?

A. Yes, that is how the industry can help the Department of Highways, as we have a great deal of information.

BY MR. ROOT:

Q. How did it affect your financing on a highway like 400, with a heavy volume of traffic for a few miles, after which it tapers off?

A. There is a terrific problem of staffing there in the summer months when the traffic is really heavy. We have a rest room problem, a water problem, a space problem. The traffic load is pretty heavy.

MR. GODSOE: In the winter time, it goes down, and you may be hours and hours on end with not a car coming in, and yet we have to maintain an adequate staff.

MR. AULD: On page 2 of the brief, there are some observations which do not apply particularly to toll roads, but to all limited-access roads.

I think the necessity of denying access, which

adds to the cost, is a factor in any controlled-access road.

MR. GODSOE: That would apply more to toll roads, as there are not so many other than toll roads which have a terminal at each end.

MR. AULD: The information which we have obtained would bear out the fact that on a toll road, it appears that the average interchange or toll station is about twenty miles apart. Inbetween these points, you have simply a fly-over to allow some other road to pass over. That is obviously cheaper.

On Highway 401, the average distance between clover-leafs is five or six miles.

We were told in New York State that they have a section of free road at the Buffalo end, so that they do not dump all the traffic in one place. If more and more traffic is moving, it will cause congestion somewhere.

MR. WINTER: I think the point is that toll roads are more expensive, because of the necessity of denying access, and especially the cost of toll gates.

MR. AULD: I would question that. In theory, if Highway 401 had been planned as a toll facility, there would have been a little more land acquisition cost. If the toll gate was to be off the highway, because you have two clover-leafs, you would have the additional cost of

building the toll booth and the annual maintenance, but you would not have nearly as many clover-leafs.

MR. WINTER: I based this statement on the information in the Canadian textbook, that in Michigan, at the end of 1953, toll roads cost four times the cost of four-lane freeways. You read a lot of figures. I cannot specifically support the argument, but it is brought out that toll roads are, in many instances, expensive.

In the case of a free road, there is not the absolute necessity of denying access, such as happens in the case of toll roads.

MR. AULD: The experience in the province has been that on the Queen Elizabeth Way, hte necessity of permitting access was apparent, because of the fact that it ceased being a highway, and was becoming a city street.

I will agree there may be points out in the "hinterland" where a township road comes in and on it there may be only ten cars a day. But if it is properly considered a controlled-access highway, the only way you can get on is at an interchange.

That means that every road is either stopped or carried over. Some are stopped and turn-arounds are put in.

MR. YAREMKO, Q.C.: That statement about monopoly and the high price of gasoline is of interest.

Did you discover that to be prevalent? Wherever we went, it seemed that the price of gasoline was everywhere comparable to the adjacent cities.

THE WITNESS: In the United States, they have the Fair Trade Practices Commission. That Commission controls the prices in many areas. They have definite cost accounting, and have been able to determine by inquiry, the cost of a gallon of gasoline. The cost is passed on to the consumer.

THE CHAIRMAN: There is another factor which we discussed this morning with the representative of the Canadian Oil Company, that some of them make a profit on the service facilities over and above the profit made by the facilities not used at all. This has led to increased costs, made quite deliberately, because they look to these services to provide revenue.

THE WITNESS: If you would like more concrete information, we would be glad to supply information where there have been monopolies in the United States, with one company having exclusive franchise for service stations on a road, to show what they have done in this matter.

It has varied very much, because of the increase in the costs, and because there was no competition.

MR. YAREMKO, Q.C.: That would be the case unless a maximum ceiling was put on by the leasing authority.

We discovered in the New York Thruway, they could set out how much it was going to cost for bread, for ham, and so on. There seemed to be the most thorough control of a ham sandwich.

MR. GODSOE: It is easier to determine the cost of a ham sandwich than to determine the cost of a gallon of gasoline. It would be a difficult thing to try to regulate it on a cost basis.

MR. MacDONALD: Could we have any more information regarding this poll which is mentioned at the bottom of page 4? Was it conducted on a scientific basis like the Gallup poll, or was there a straw vote, with a check amongst 500 or 1000 people?

MR. AULD: And what were the questions asked?

MR. WINTER: I am sorry I cannot give you detailed information. We accepted the report in the Business Travel Magazine, and we presumed it must have been conducted on some sampling basis. We thought it was sufficient to indicate the source of the information.

MR. AULD: If you asked everyone whether they were in favour of toll roads or free roads, I would be surprised if the percentage were not higher.

On the other hand, if you asked whether they were

in favour of toll roads or no roads, it would be different.

MR. GODSOE: We may suffer from the fact that the public were not informed.

MR. MacDONALD: Have you got the actual questions asked?

THE CHAIRMAN: And how the sample was taken? Well, I do not know why we should burden these gentlemen with that. If it is published by the Business Travel Magazine, they probably would give us that information direct. I gather they are a commercial undertaking.

Perhaps, if we want it, we can get that ourselves, without asking you gentlemen for it.

MR. ROOT: This brief recommends competition in selling on the highways, between different companies. I asked the Canadian Oil Company whether there was any truth in what I have been told, that you should not mix the oils of different companies.

MR. GODSOE: We do not want to see our oils mixed with others.

THE WITNESS: Not all oils are comparable.

MR. GODSOE: There are all sorts of claims made about gasolines today. Different gasolines have different additives.

Most of the gasolines advertised today are good gasolines. The oils are a different question. There are

good oils which are very good, and there are others which are not so good. We would not like to see a mixing of the oils. We would not like to see ours mixed with others, as it could have a damning effect on the quality of our oil.

MR. REAUME: How is the man who is operating to know which is a very good oil, and which is not so good, as in all the advertising, each company thinks it is the best.

MR. GODSOE: All that is pretty confusing to the public.

THE CHAIRMAN: I think it depends on the personality of the man who lives most convenient to the corner of the road.

MR. ROOT: If there could be definite damage to a motor by mixing, perhaps, British-American Oil with Canadian Oil, and you have only one station on the road, you would have a good argument, for establishing various brands on the road.

MR. GODSOE: You should not mix some of the oils. We use a certain type of additive, while others use a different type.

I am not a chemical engineer, but I know there are some things that repel others.

MR. MacDONALD: It would be like taking aspirin and then drinking coca-cola.

MR. YAREMKO, Q.C.: I took oil from seven different stations in one week.

MR. GODSOE: Some of the oils have a metallic additive which petrol engineers say definitely they would not recommend to our Company for love nor money.

One company has such strong views that they would not even permit their oil to be sold in that way.

MR. YAREMKO, Q.C.: Another interesting piece of information is this; in regard to the argument about the credit cards, we have discovered that argument might not hold. There were all kinds of companies which proclaimed to all and sundry that they would honour all cards.

If a man produced an American card to British-American Oil, the dealer would not hesitate to give credit on it.

THE WITNESS: The original company that fostered that has been wound up. Any of the companies which attempted to accept all credit cards are faced now with getting rid of the plan. It has been stopped now even here, because there was so much bookkeeping to be done, and because of the other problems involved.

MR. GODSOE: The company which advertises that it will accept all cards is relying on what we pay to check up a man's credit and see what risk we are taking. You will find that because of the expense of ten or twelve

companies checking on this, the companies which formerly accepted these cards are now refusing them. Today, there are very few companies left which will accept them. I know of only one which occurs to me that is advertising it will accept all cards.

One of the companies which operated in several provinces and which was advertising this system two months ago, is not accepting all credit cards today.

MR. ROOT: Would you be prepared to tell the Committee, to your definite knowledge there is danger to a motor by mixing different brands of oil?

MR. REAUME: What is the point?

MR. ROOT: If, on a toll road, you limit the operations to one company, you force people to mix the oils. As far as I am concerned, that establishes the need to allow the representation of different stations on the road, if I am driving to Buffalo and have to buy a quart of oil now and again.

THE CHAIRMAN: We will not deal with that point now.

On behalf of myself and the Committee, I wish to thank you very much for your interesting contribution, in submitting this brief. We are very grateful to you.

MR. GODSOE: Thank you, sir. We are grateful for the opportunity of coming here.

We thank you very much for the way in which you have asked your questions. If you had gone too deeply into the question of toll roads, we would not have been able to help you very much.

---The delegation retired.

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---Whereupon at 1:20 o'clock p.m., the further proceedings of this Committee adjourned sine die.

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ONTARIO

P R O C E E D I N G S

OF THE

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTER IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XIV

Wednesday, January 25th, 1956.

Toronto, Ontario.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

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I N D E X

FOURTEENTH DAY, JANUARY 25TH, 1956

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F O U R T E E N T H D A Y

Toronto, Ontario.
Wednesday, January 25th, 1956
10:00 o'clock, a.m.

- - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

PRESENT:

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Messrs: Auld,

Yaremko, Q.C.,

MacKenzie,

Root,

Sandercock,

Child,

Manley,

Reaume,

MacDonald,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee,	Traffic Engineer, Ontario Department of Highways
Mr. Leonard Wookey,	First Vice President, (Callander) Ontario.

Mr. J. H. Irvine,	(Ottawa), Director
Mr. N. L. Powell,	(Brampton), Director
Mr. W. Scott MacKay,	Past President, (St. Thomas)
Mr. T. J. Mahony,	(Hamilton) Managing Director and Secretary-Treasurer

The above mentioned five gentlemen are officers and directors of the Ontario Good Roads Association.

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THE CHAIRMAN: Gentlemen, we have a quorum and can proceed.

I believe Mr. W. Scott MacKay will present the brief of the Ontario Good Roads Association.

I will ask all you gentlemen to come forward. Our experience has been that these meetings generally wind up in a general debate, and there will be questions asked no doubt and we would like to have you seated so we can hear what you have to say.

Mr. MacKay, will you proceed in any fashion you wish? Our proceedings are very informal, and we want you to be comfortable.

W. SCOTT MACKAY,

Past President, Ontario Good Roads Association, residing in the City of St. Thomas, in the Province of Ontario, appearing before the Committee, but not being sworn, deposes and says:

THE CHAIRMAN: Mr. MacKay, will you proceed in any way you wish.

A. Mr. Chairman and gentlemen: I think, first of all, I would like to introduce the four members of our Committee who are with me.

Mr. T. J. Mahony, the first on my left, is the Secretary-Treasurer and Managing Director of our Association.

Then the gentleman, who for the last couple of years, has been the "Good Roads Man of the Year", and the choice of the International Roads Association, Mr. J. H. Irvine, formerly a Consulting Engineer and City Engineer of the City of Ottawa, and a Director of our Association.

Next to him is Mr. Leonard Wookey, from the Callander district, Vice President of our Association.

Next to him is Mr. Newton Powell, a Director and County Engineer in Peel.

THE CHAIRMAN: With your permission, I will introduce the members of the Committee. Starting on my left, is Mr. Root, then Mr. Manley, Mr. MacDonald, Mr. Sandercock, Mr. Reaume, Mr. MacKenzie, Mr. Yaremko, Q.C., Mr. Auld, our reporter, and Mr. Macnee from the Department of Highways, a Traffic Engineer.

I believe you all know Mr. Collins our Secretary.

MR. MacKAY: Yes, we have had the pleasure of meeting and corresponding with him.

BY THE CHAIRMAN:

Q. Will you proceed now with your brief, Mr. MacKay.

A. Gentlemen, I think whatever merit -- or otherwise -- there may be in our presentation, it is at least brief, and I think I cannot do better than simply read what we have here.

If there are any questions any member of your Committee would care to ask, either myself or those who are with me will be very glad to endeavour to answer them, relating to any points we may raise in this brief.

The brief is as follows:

(Page 1194 follows)

" The Association which we represent was organized in 1894 at a time when the roads of the province, including a number of toll roads, were deplorably bad.

Forty-two persons attended this organization meeting, and now, sixty years or more later, the annual attendance of delegates representing counties and municipalities as far west as Fort Francis, numbers over 2,000.

The objects of this Association as embodied in its constitution are:

> 'To acquire and disseminate information concerning highway construction and maintenance .....; to stimulate interest in the subject, and to promote educational, legislative, and other measures tending to their accomplishment.'

In the continuing pursuit of these objects for over half a century, the Association is proud to record that from the ranks of its past presidents have come four of the Ministers of Highways of the province, and two have been honored as premiers of the province.

The Association's recent interest in the question of whether or not it is expedient to

reintroduce toll roads in this province stems in large measure from the annual convention of the Association in February, 1953.

On that occasion the Secretary-Treasurer of the Association, Mr. T. J. Mahony, in an address on 'Highway Administration and Modern Financing', directed attention to the success which had attended the establishment of toll roads in certain of the United States, and concluded with the words:

> 'Before any definite decision is arrived at for or against the toll road proposition, that a thorough investigation should be made, having regard to the experience of our neighbor to the south, and any other information that could be secured.'

In other addresses which he delivered at the 1954 and 1955 conventions he continued to focus attention on this important subject, and in addition, at the 1955 meeting, the Association had the benefit of an informative address, which we commend to you, entitled 'Some Aspects of Toll Highways', by Mr. Elmer K. Timby, of New York, a partner in the firm of Howard, Needles, Tammen & Bergendoff, Consulting Engineers, retained by the New York Turnpike Authority and Pennsylvania,

Maine and West Virginia Turnpikes.

One paragraph from Mr. Timby's address, wherein he indicated the preliminary steps to be taken in determining whether or not a toll road should be constructed, is noted here as being particularly relevant to our presentation.

He says:

'Measurements of traffic volume, estimates of future growth and comparative evaluations of sufficiency of existing roads are the first step in considering highway needs.

The next step is to estimate costs of construction and to compare this with public funds available. If these are deficient and the need is urgent, another source of funds is indicated to be necessary.

It is not a foregone conclusion that the toll road method can be used. The availability of this method depends upon whether conservatively estimated earnings bear a satisfactory ratio to capital expenditures required to produce the earnings. This is a financial and business decision, as it is true of any other project where private investors supply the capital. The decision must be reached on the

basis of engineering data developed after meticulous and extensive studies by well-known engineers having a maximum of experience in this work.'

In November of 1954, a committee from this Association presented to the Prime Minister and members of the Cabinet three resolutions. One seeking assurance of full subsidy payments on municipal roads in view of the inadequacy of funds to meet the increasing local needs for construction and maintenance.

A second resolution urging that a study be made of an equitable distribution of the funds available for subsidy.

Thirdly, one requesting the government 'to consider the advisability of forthwith appointing a commission to study and report as to the best means of dealing with present and future demands for road construction and maintenance -- the best form of organization for the administration of the whole -- and the proper financing thereof -- including, but without limiting the generality of the foregoing -- consideration of federal aid, toll roads, a commission form of organization and highway research.'

In view of the Association's active interest in the question of toll roads, we were most gratified to learn of the Government's subsequent appointment of this Select Committee of the Legislature to study and report on the question, and we hope that our submission today may be of some assistance to the Committee.

The following portion of this presentation embodies the conclusions based principally on two reports made to our Directors.

One was prepared by three engineers, Mr. J. L. Shearer, of the Ottawa Suburban Roads Commission, Mr. J. H. Irvine, Consulting Engineer, formerly City Engineer, Ottawa, and Mr. W. J. Moore, a recent vice-chairman of the Ontario Municipal Board.

The other report was prepared by Mr. J. G. Cameron, County Engineer, Stormont, Dundas and Glengarry, who was one of a party of six directors of our Association who spent two or three days in November of this year in company with Mr. Timby visiting various toll roads in the United States, and conferring with the toll road authorities in several of the jurisdictions visited.

We propose to present at this time an outline of the principal points raised in these reports and

a summary of the conclusions and recommendations of the Directors of our Association based on consideration of these reports, and other available data.

1. The party of Directors of this Association who inspected toll roads in the vicinity of New York were most favourably impressed with the design and construction of toll roads and their ability to handle large volumes of fast-moving traffic with a high degree of safety.

We are all in agreement with the desirability of having roads of similar high standards of design and construction in Ontario.

2. The number of vehicles in Ontario increased from 715,380 to 1,487,000 during the period from 1942 to 1953-54.

In other words, it doubled in the ten-year period. According to statistics from the Department of Travel and Publicity, about 1,500,000 motor vehicles have come into Ontario from the United States in each of the past two years. This increase in the number of vehicles using Ontario roads has increased the traffic density in some sections of the province.

3. Highway budget inadequate - While provincial

expenditure on roads for the same period, 1942 to 1953-54, increased from $35,513,961 to $116,068,211, an increase of approximately 327%, the Association is aware that in recent years the budget, in spite of this increase, has been insufficient to enable municipalities to carry on adequate municipal roads programmes.

4. Involved with the study of toll roads for Ontario is consideration of the possibility that the operation of one or more toll roads might make it desirable to collect tolls from the users of roads, existing or now under construction, which approach conformity with the standards of design and construction of toll roads, along with the many problems incidental to such a policy.

5. The various arguments advanced for and against the adoption of a policy of toll roads are based on conditions which prevail in the United States.

When these arguments are applied in this province cognizance should be taken of those circumstances which are not identical in our two countries. Amongst others are the wide seasonal fluctuations in traffic volume in many parts of this province, and the use of tax-exempt revenue bonds in the United States to finance toll roads' construction.

Recommendations

Having regard to the success which to date has attended the construction and operation of toll roads in the United States without the imposition of any additional financial burden on the government, and the expeditious manner in which those roads have been provided, and believing that the construction and operation of such a road or roads in Ontario, if warranted, would directly and indirectly assist the province to provide within a reasonable time roads adequate to our present and foreseeable future needs, the Association therefore recommends:

(1) That independent comprehensive engineering and economic studies should be forthwith instituted by the government of this province to ascertain whether, in any part or parts of Ontario, the construction and operation of a toll road or roads appears warranted as a financially-sound undertaking.

(2) That these studies be made by or under the supervision of the most competent and experienced men available for such purposes."

THE CHAIRMAN: Thank you, Mr. MacKay.

Are there any questions any member of the Committee would like to ask Mr. MacKay, or any member of

his delegation? I have several questions here upon which I would like to get your opinion. They are not answered exactly in this brief.

BY THE CHAIRMAN:

Q. Have you any opinion on the fact that we might end up in the Province with highway facilities which were similar physically, but some of which may be tolled, and some of which might be free?

This is something which has been discussed amongst the Committee members at some length, but I do not think we have any final opinion on it, and I wondered if you had any comment to make as to what the effect of such a situation as that would be?

A. I do not think, as far as I can see, that we have given any particular consideration to that aspect. I think it is our thought that a problem of that sort might be included in this study which would be made.

Have you given any thought to that, Mr. Irvine?

MR. IRVINE: It is referred to in Section 4 of this brief, where it says:

> "Involved with the study of toll roads for Ontario is consideration of the possibility that the operation of one or more toll roads might make it desirable to collect tolls from the users of roads, existing or now under construction, which approach

"conformity with the standards of desig and construction of toll roads, along with the many problems incidental to such a policy."

A. In the back of my mind, I thought it might be largely political, but I did not want to put that in the brief.

THE CHAIRMAN: Political, with a small "p", or political in the pure sense of the word, in that it affects persons in different sections of the Province?

MR. IRVINE: Yes, and in different ways.

THE CHAIRMAN: Your Association represents people from one end of the Province to the other, and this problem is quite a knotty one, as far as we are concerned, and if you could assist us, we would be very thankful.

However, perhaps you do not choose to do that at this time.

BY MR. AULD:

Q. Perhaps along the same line, Mr. MacKay; I see on page 2 of your brief, in quotation marks, an extract from an address by Mr. Timby, in which he says:

"The availability of this method depends upon whether conservatively estimated earnings bear a satisfactory ratio to capital expenditures required to produce the earnings."

And so on.

Would the Association care to express any opinion as to whether, following along the line our Chairman has suggested, you think it would be a wise policy to build a road of controlled-access standards, where the projected earnings over the next two or three years were not sufficient to pay for its amortization completely, yet it would -- and we have used the figure before -- possibly pay 50 percent. or 60 percent. of it, with the possibility -- but not the assurance -- that in the next two or three years it would be a paying proposition? In other words, building these roads to these standards to develop the Province, or building the roads which are necessary?

A. In that connection, I think all I can say in connection with this brief, as I understand it, is that it simply directed our thoughts to one point, and that is, that after a thorough study, is the construction of a toll road in any part of Ontario financially warranted?

I think that is the gist of what we are saying here, and it is on that basis we are reporting on that aspect of it, and it would seem to me that this other question would have to postponed.

MR. AULD: What I was trying to get at -- and that is why we discussed it before -- the highways today apply the same rule as rivers and roads used to do, and

it may be desirable and necessary to build a high-standard road through areas, some of which might not have the volume of traffic to warrant them as financial considerations, but as the development of the Province requires them.

That leads back to the Chairman's question about the problem involved. If you build a high-standard road in two places, and charge a toll on one of them because there are enough people using it to make it pay, but you do not charge on the other, where the estimated volume is not sufficient.

THE WITNESS: I recall in one of the reports made by our directors, that there was on one of the roads -- and perhaps more -- a combination of the two ideas; there seemed to be a certain amount of freeway combined with toll. I would like to have the details of that.

THE CHAIRMAN: I believe that was in New Jersey. It was brought about, as I understand it, because certain sections of the road have received Federal subsidies, and having received Federal subsidies, they can not be tolled. So it is a matter of expediency.

MR. AULD: The same thing holds true for a bit of the New York Thruway at the end, to disperse the traffic.

MR. REAUME: From Buffalo in?

MR. AULD: Yes. It has been suggested in this Committee, in certain sections where the road actually would have a dual purpose, it would be a suburban expressway, for a portion of it, and it would be free, and then the more distant parts would be tolled.

BY MR. MacDONALD:

Q. Would it be accurate to say that the Good Roads Association, in its present thinking, when they say "if warranted financially", mean only if it pays for itself completely?

A. No, I do not think we have come to any conclusion on that. That is a specific consideration on that point, of whether we are only interested if it were able to pay for itself completely, and, in my thinking -- I am thinking only personally on this -- it might still be something to recommend, even if it was a means of providing only 80 percent.

BY MR. REAUME:

Q. On any part of it?

A. Yes.

BY MR. MacDONALD:

Q. Theoretically, if it comprised 100 percent?

A. Yes.

BY MR. AULD:

Q. If it supplies more than the additional cost

of the toll facilities, there is some justification for it?

A. Yes.

BY MR. YAREMKO, Q.C.:

Q. It first has to be determined whether you need a road from "A" to "B", and then you have to decide what the standard of the road will be, and then have to decide how you will pay for it?

A. Yes.

Q. And if the only way you can pay for all or any part of it is as a toll road, I think that is the answer.

A. Yes. I think it is set out and indicated in the paragraph from Mr. Timby's remarks.

MR. REAUME: I think you have been very cautious -- very cautious. That is all right, too. I do not find any fault with that.

I was wondering, however, if in the minds of your group you feel the Province has to have more and better roads. That would be one question.

Then the next question would be, if it is obvious that the Province cannot finance the roads out of the current revenue it has at the moment, it would appear that we would have to increase the gasoline tax or the license fees again, or enter into some scheme of

a toll.

What would be the position of your group on that? If you get right down to the point where you ask the first question in regard to providing more and better roads? What is your position?

A. I think I would say "yes" to that.

Q. Then, when we get down to the point where we cannot finance these roads with our present budget, it is obvious that we have to raise funds by some means, and would you then answer that you prefer to inaugurate a toll system, or prefer that the gasoline tax and license fees be increased?

MR. MacDONALD: There are other alternatives.

MR. REAUME: We could go into that later.

THE WITNESS: Would you answer that, Mr. Mahony?

MR. MAHONY: It is a very pertinent question, and one which I think should be answered.

Any person who has paid any attention to the development of this Province, and has noticed conditions in the United States and other parts of this country, must agree that we are on the verge of a tremendous era of expansion, and if the roads we have today, under present conditions, are inadequate to take care of the traffic, you have no way of knowing what will happen

five years from now.

There is another point which also seems very pertinent with regard to toll roads.

We have a province which has 408,000 square miles, and with an International boundary line between Ontario and six adjoining States, comprising about 1,450 square miles.

Now, the situation is this; that our American friends can come over here in at least nine different places of entrance, bridges, and so forth, and one tunnel, and they can drive on our roads free of charge, and these States from which they come, particularly New York, Ohio, Pennsylvania, Michigan, Wisconsin, and Minnesota, altogether only have an area of 370,000 square miles, against 408,000 square miles in Ontario, and still those States all have toll roads, perhaps with the possible exception of Minnesota.

Furthermore, they have a population of slightly more than one-third of the whole population of the United States, and they have at least one-third of the total number of motor vehicles in the United States, and, as I say, every state has toll roads, with the exception, I believe, of Minnesota, and it will have toll roads within another year or two, because they have the authority from the Legislature, that is, they have the necessary

legislation.

So, taking into consideration all these facts, it does seem to me that we cannot afford to wait until we have conditions which will make it absolutely impossible that we can operate toll roads at a profit.

They have not done that in the United States. They certainly did not do it on the Pennsylvania Turnpike, and are not doing it today on the West Virginia Turnpike, but they are building for the future, as well as for the present, and they are absolutely certain that the prospective increases in the future will take care of any deficit they may have at the present time.

MR. REAUME: That answers it, almost.

MR. MacDONALD: I think that provokes another question. I do not think there is any doubt that Mr. Mahony is a strong supporter of toll roads.

MR. REAUME: He did not indicate that. He has a wide-open mind, and a very fair and unbiased one, too.

MR. MacDONALD: Are you finished, Mr. Reaume?

MR. REAUME: Yes.

MR. MacDONALD: I think it is clear that Mr. Mahony is in favour of toll roads, and it is equally clear from the brief by the Good Roads Association, that they are very undecided on the question of toll roads;

otherwise they could have been much more explicit than they have been up to now.

THE WITNESS: I think our position is this; that up until this study was made, we have not the facts upon which to base an opinion either for or against.

THE CHAIRMAN: Would it be fair to go this far; I am interested in what we could get from Mr. MacKay. Would it be fair to say that your Association approves, in principle, the development of highways by the toll system? And what you are asking for is an investigation to ascertain whether or not it is a financially-sound proposition?

THE WITNESS: Yes.

BY THE CHAIRMAN:

Q. What I am asking you is, have you adopted in principle that method of building new highways?

A. I think I would have to say that as far as I understand the attitude of our directors on that question, it is that they think of a toll road primarily as a means of financing construction of additional highways.

If these highways can be provided -- not only these main highways, but if, at the same time, the needs of the municipal roads are going to be met, and receive attention which they also deserve -- if that can be done by the Province on it's own, and within a reasonable time,

I would see no need for toll roads.

But it would appear that the adoption of the toll-road method as a means of financing the production of additional highways, would assist in the over-all picture, and if freeing the Province of a comparable expenditure for the construction of roads comparable to some of those toll roads, and that the money which would otherwise be spent on them might be diverted to other important needs, in particular, in regard to municipal roads, then I would answer "yes" to your question.

Does that answer your question?

A. I consider that a very fair answer. You have stated the problem this Committee is set up to solve, in effect.

BY MR. MacDONALD:

Q. May I ask this question? Is it not a fact, and in the record that in two or three conventions you have discussed toll roads?

A. Yes.

Q. Therefore, the principle has been before your conventions?

A. Yes.

Q. Have you ever voted on the principle, and what has the vote been?

A. No, we have not specifically voted on the principle. Following the conventions, as indicated this morning, we adopted three resolutions, and took them to the Cabinet in November -- I think it was -- of 1954, and the third resolution there recommended a study by a commission -- a thorough study -- of many problems, including toll roads.

Q. There has been no actual result in principle?

A. Not on that question. That is as far as I can officially go.

BY MR. AULD:

Q. Would it be fair to say that the convention did not have, at that particular time, all the pertinent financial facts, such as present expenditures, present revenues, and projected expenditures, and so forth?

A. No. The municipal men would be keenly aware of the fact -- and we so stated in our resolution -- that they have not, on occasion, been receiving the money they have asked for, and where they were interested -- as we all are -- in a method which would enable the thing to be done which should be done, and toll roads looked to them as a method of financing on that basis.

Q. May I pose a partly hypothetical question? Let us say, for argument, that the Province, for the total expenditure for all the roads of the Province,

would require an extra 25 million dollars per year to meet the needs?

If that be so, would the Good Roads Association take any position as to whether that should be raised by a toll on a premium type of road, in other words, paid for by those who use the premium roads -- or whether it should be paid from the gasoline taxes which would be paid by the motorists, or whether it should be raised by taking something out of the air, such as a sales tax or something like that?

A. I think I am right in saying this; that these questions, which are very pertinent, have not been specifically considered.

I do not think I could venture an answer which would represent the position of the Association on that.

I wonder if any of my colleagues would care to add anything to that.

MR. IRVINE: I would like to add something on that, if I may.

It is quite clear that the term "toll roads" as simply a method of financing, has nothing to do with the quality of the road; it may be a country lane, or a six-lane divided highway.

Our thinking has been that it must be decided on a specific approach, and if the Government was building

a toll road, they might not find a place to build one. So I think the decision should be on a specific project.

On the question of one which would partly pay its way, one of the purposes of building toll roads is to bring new financing in. Once you have a road which is not self-liquidating, it means that some Authority has to guarantee the bonds, so the Government is actually financing it, and it has not relieved the tax payers or the Government of responsibility.

That is a different question altogether.

MR. MacDONALD: I have not so much a question as a statement I want to make in the presence of these men, so if it is an inaccurate interpretation of what they have said, they can correct me.

I think implicitly in their brief -- if not explicitly -- is the bestanswer we have had on the question of tolls, but it is no answer.

May I say, and say carefully -- because I do not want to be misunderstood -- that I am disappointed in this brief. I do not say that critically, because I think the Good Roads Association, more than anybody who has come before us, would be in the best position to answer the question with regard to toll roads, because they represent the entire Province.

I think it is very clear -- and we will face it -- that this has to be looked into very carefully,

and the last statement by this gentleman, Mr. Timby is a clarification, and that is all I can say irrespective with what our terms of reference are.

Are we to make a report to the government ? That seems to be meaningless and academic, because you can sit down and examine toll roads, and it is meaningless until you examine each one specifically, and then you have to examine it with the other questions which have a political overtone, and because the existing roads can carry the traffic you have to decide whether you can switch them to toll roads.

In brief - and I repeat - the only body which is in the best position to cope with all the problems with which we have to cope, is the body now before us, which in my opinion is in the best position to answer the questions we have to consider.

MR. REAUME: Oh no, -

THE CHAIRMAN: Mr. Reaume, may we let the members of the delegation, speak if they so choose.

MR. MAHONY: Mr. Chairman and gentlemen; unfortunately we are not able to make up our minds as quickly and definitely as was the manager of the Ontario Motor League.

MR. REAUME: That is a good thing.

MR. MAHONY: I have done some searching for facts in regard to this matter recently, and

it looks like some people have made representations which are not borne out by all the facts, but our Association has learned not to do too much talking. We prefer to present our case, rather than boast about what we can do, rather than talk too much about what somebody else can do.

I think we consider ourselves a representative organization of this Province, because we have every city in the Province in our membership; we have every county; we have 90 towns and villages; we have 375 townships, and also I think a number of districts in Northern Ontario.

These are all members of our organization, and in view of the fact that we have never tried to draw membership by any spectacular method, we feel satisfied that these people are members of our association, because they feel that we are making an honest endeavour to try and improve the road conditions in the Province.

That is what the founders had in mind 63 years ago, and we have endeavoured to follow that policy and principle ever since.

We are not afraid to ask for the voices of our directors. At the annual meeting on February 20, 21 and 22, there will be over 3,000 assembled at the Royal York Hotel, and if we want to get a decision from that body of men as to what they think about

toll roads, we can get it, and you will get it. I will promise you that.

You do not need to think that because we are making this representation we have any idea back in our minds that we are trying to "put something over" one political body or another. We are trying to improve conditions as we see them in Ontario as regards roads, and that being the case, I do not think you need have any fear that we are going to try and lead you into something where you cannot look upon us favourably in connection with these representations.

MR. RTAUM: I was just going to add to that, Mr. Chairman, that I think, as I have said, these people have been very careful and very cautious in their approach, and I think they are up against the same problems as we are.

I do not think, regardless of what anybody might say that we will, overnight, institute a system of this type of road in Ontario. I think our purpose from the start was to see everybody, and hear everybody and anybody, and I want to say here and now, Mr. Chairman, that I think you have done a very excellent job; you have thrown the door open; you have invited anybody who so desires to come before us. Of course, some came, and some did not. However, I think that was our purpose. I agree with

these gentlemen, Mr. Chairman, that competent people should be employed to study these questions and give us the proper answers. I do not think there is any more sensible recommendation which has ever come before us than that. I do not think these people are "hedging" on this question at all. We are all up against the sameproblem. We are trying to ascertain what the answers are.

I think these gentlemen have done a very excellent job, and I think they have covered the whole thing when they say that before any real and positive steps are taken, competent people should be employed for the purpose of making a thorough study.

I would like to ask one other question. If we were to study a system of better roads in the Province, which would be of benefit, I would say, to the country as a whole, and getting back to this possibility of tax-free revenue-bearing bonds, I suppose that would come under some system of Federal aid.

I think it is pretty well agreed we do not expect any Federal aid in the way of expecting the Federal people to pay a portion of the costs of the highways of the Province. It would be a good thing, but I doubt if we will get it.

On the other hand, I was wondering, with the

work and effort of all parties concerned, who are interested in the building of better roads for the Province, if we could not have some form of action jointly, and to ask the help of the Federal people to exempt this sort of fund we intend to use, and get away from that particular form of taxation. Could we gain that concession from the Federal people? It would be much easier to finance, if we could.

Is there any answer to that one?

MR. MAHONY: Mr. Chairman, there is an answer to it. Our organization has, for years, maintained that in view of the revenue which the Federal government receives from road transportation, sales taxes, excise taxes, and all the other taxes, and all the different interests which appear in regard to transportation, which amount to over $300 million a year, although the roads are built by the Province, that the Federal government should extend some aid.

The difference between the Federal government in relation to the Provinces here, as far as roads are concerned, is demonstrated by the fact that the Federal government in the United States, since 1916, has always been a big contributor to state highways. I understand that during the present year the Federal government in the United

States is contributing $930 million, which the states can divide amongst themselves on a pro rata basis, having regard to population and mileage, and so on.

That is the difference between their situation and the treatment we get here in regard to our roads.

Notwithstanding these revenues which the States get, and which we do not get in Ontario, they still feel it is advisable to build toll roads, and get their funds in that way.

That is the answer, as far as I am concerned.

THE CHAIRMAN: I think it would be very desirable if we were able to get some funds from the Federal government, but I have always felt that if we wait for that, our road situation in the Province will be hopeless, because I do not think we will get anything from them in the forseeable future, and I think we must proceed on that basis, if we are going to be practical men.

MR. CHILD: In view of the fact that roads, generally speaking, benefit the whole Province and the whole country as a matter of fact, has your Association considered that the benefits these people will receive, even though they may not use the road themselves, are such that any part of the cost of construction should be borne by the general public, and not just the motoring public.

THE MINISTER: No, we have not specifically

dealt with that. It is extremely involved.

In the second resolution which we presented to the Cabinet asking that a study be made with reference to all the underlying principles which should govern, what you might call an "equitable distribution" of the subsidies of the roads, that matter was touched upon.

In other words, certain types of municipalities get 50%; others get 30%, the cities and so on, and it is important to know what the underlying principles are, if they are ascertainable at all, which should govern the proper distribution of the costs, and what is fair.

That is not an answer to exactly what you were asking, but I think it is very close to giving consideration to a study of what is the proper basis for levying the costs, and how those costs should be distributed.

BY MR. CHILD:

Q. I am not interested quite so much in the distribution of the levy, as I am in regard to the means of obtaining that levy.

A. Yes.

Q. What is the thinking of your Association along that line?

A. We have not given that any specific consideration.

Q. Will you be giving it any consideration at your

forthcoming convention?

A. We could.

As our Secretary has indicated, I do not think, except for one particular address which is anticipated from an experienced gentleman from New York State on the subject of "The Financing of Toll Roads", but it is quite likely that will be covered in his address.

BY MR. MacDONALD:

Q. On this question of the underlying principle of financing roads, may we have a comment on the proposition which has been presented to this Committee, that the most valid underlying principle is not to load all of the costs on the road users, but rather to find a more equitable distribution of it by distributing that cost to those who profit by the road, rather than just those who use them? Which means you have to have a very specific tax rise paid by people who are profiting by the roads in a direct sense, such as your big transports, and a continuation of the Province in regard to its normal financing, either on a pay-as-you-go basis, or an amortization basis in regard to bonds, because, as a matter of fact - and here is where you get Federal assistance perhaps - the Province will be able to profit in the broadest sense from the industries which will grow up along the roads.

What is your comment on the validity of the suggestion that roads should be financed on the principle that the costs be paid by those who profit from it, rather than those who use it, in a direct sense?

A. I can only give you my own personal reaction to that, but my thinking is there is some validity in both questions, that is, those who benefit should bear some portion of the cost, such as the users, with those who benefit other than the users. This would add up to a particular obligation.

MR. CHILD: That is the question I asked with regard to people who benefit against those who use it.

MR. AULD: It might be pertinent to get the figures of our own provincial expenditures, which we discussed at the lastmeeting, as to what percentage of the total expenditures on roads by the Province is paid by users' taxes.

I think I worked it out tthe last time we were here, including the interest charges, on the difference between the deficit which has been incurred every year, and it seems to me since 1950 it had gone up to 68%, whereas in 1954 it had gone down to 63%; in other words, the expenditures on the highways in the Province paid by users' taxes to the Province - not, of course, by way of sales taxes and so on, which

are Dominion taxes - was about 63% of the total expenditures on roads in the Province. The remaining 37% was applicable to this Provincial deficit on roads, and the other part was real estate taxes and municipal taxes to pay for their operation.

The percentage had been dropping; it got down to 61%, then it went up to 63% again, but on the basis of some other figures we have, the percentage is now a little lower.

THE CHAIRMAN: Mr. Collins (Secretary) worked it out on the basis of increased revenue and increased expenditures with no amortization figures at all.

These figures show a deficit every year since 1947, from $14 million to as high as $47 million per year. That is, our current expenditures, which exceed our current revenue.

In 1952 it was $34,800,000.

In 1953 it was $27 million.

In 1954 it was $47 million, and last year our construction fell behind, because many of the departmental engineers were engaged in other ways than building roads.

Since 1947 the figures show that the province has gone, over all, into the hole by $259 million in road building. That is, the expenditures have exceeded the highway revenues - if I may put it that way - by $259 million.

It seems to me these figures might be rather interesting to you, because I do not think they have been compiled in that form heretofore.

MR. IRVINE: That has nothing to do with municipal expenditures? It is a government deficit??

MR. AULD: It includes the provincial subsidies.

THE CHAIRMAN: Let us get this straight. It includes municipal expenditures.

MR. IRVINE: All expenditures?

THE CHAIRMAN: All expenditures. In other words it is the over-all road picture over the whole province from whatever source.

MR. IRVINE: It is not necessary to say that these were the people -

THE CHAIRMAN: That shows the over-all picture.

MR. IRVINE: Can you break it down?

THE CHAIRMAN: Yes. On the opposite right hand column are the percentages, that is, the percentages of users' revenues, and the total expenditures from all sources, that is, the municipalities -

MR. AULD: But not including the interest which has been paid over the years on the deficit.

THE CHAIRMAN: No.

MR. ROOT: Are these subsidies to the municipalities, or are they subsidies and the real estate tax combined?

THE CHAIRMAN: It includes both.

MR. COLLINS (Secretary): The municipal-expenditure column is the municipal expenditures subtracting the subsidies, so the subsidies did not appear. They are straight municipal expenditures.

THE CHAIRMAN: But it does not include any interest charges or the accumulated deficit, which must have been borne by the Province.

MR. COLLINS (Secretary): The municipal expenditures may have been higher than that, because in many cases approved expenditures are reported by the municipality. They realize that subsidies are only granted on approved expenditures.

The separate municipalities are required to pay for their own roads, so the gross figures are not shown.

4 MR. ROOT: I think there is another point with regard to that. I think that about 54% of your license fees are paid by commercial operators, and around 35% of the gasoline tax, and there is no doubt the commercial operators charge that back to the business he serves.

THE CHAIRMAN: Oh, certainly.

MR. CHILD: Oh, yes.

MR. ROOT: Then you figure that out, and you will find out that business and real estate are carrying a very heavy share of the cost of roads at the present time.

MR. POWELL: Mr. Chairman, and members of the Committee: the amount shown there (indicating) contributed by municipalities; does that appear to be very large? I can assure you that municipal councils generally, come back every year and are striking too high a tax rate for roads to be elected next year. That is rather blunt.

In the case of Peel County, we have 5 mills for good roads in some years on farm municipalities within areas the charge may be a little more, maybe 10 mills.

Right now we are considering submitting a plan to the Department of Highways to spend $1½ million in the next five years to pave all the county roads. People want roads, and are willing to pay for them.

It is readily seen that the situation is rapidly expanding. Our busiest road is the one in front of the Malton airport, which takes 12,000 people a day to the A.V. Roe plant. That means 10,000 or 11,000 vehicles per day. If you go out there about 8 o'clock in the morning and again at 5 o'clock in the evening, you will see the heavy traffic on it.

We have other roads carrying a great deal of traffic. The inadequate contribution by the users creates a situation where the municipal taxes

bear most heavily on the property owners.

You know how much you pay for roads in your own municipalities, so there is a contribution by the property owners in the Province, which has nothing to do with the Provincial tax.

THE CHAIRMAN: That is the kind of information we are trying to secure. We are thankful for your contribution.

MR. ROOT: I wonder if the Good Roads Committee - I notice they say "the highway budget is inadequate" . Can you think of any fairer way of increasing the budget than by toll roads? There is mention made here of "Federal aid", and that has been discussed.

THE WITNESS: Yes, we have certainly felt that toll roads is just one aspect of the problem, and we are all equally interested in the question of Federal aid as a means of providing money which is necessary to provide the highways.

BY MR MACDONALD:

Q. So there are other considerations than toll roads and Federal aid to which you have given consideration?

A. I can only think of those two.

MR. IRVINE: And debentures.

BY MR. MacDONALD:

Q. Have you given any thought to the weight mile tax and the ton mile tax as is used in the State of Oregon, and other States?

and the people of the State are quite happy over the fact that they have built the toll road. They are not crying over the fact that they built it, because they had to have a road, and there apparently was no other means of getting it.

This idea of talking about the issuance of bonds and debentures may be all right, but the toll-road debentures have to be paid for over an extended period of time, and there we are getting back to the point again where I think the gasoline tax and the license fees, and things of that sort may have to be increased, when we say we will tax the people who will benefit from the building of such roads, but I think we have to ask ourselves, in all fairness, who are these people? In my opinion, it is all the people. It is not only the people who are going to build a plant alongside of the road, and if you are going to "soak them", you will soon find you are getting them off the road, they will go elsewhere. That was proved in one province - not Ontario - where an industry picked up and moved.

BY MR. CHILD:

Q. Would your Association have any opinion of the new Highway 401 going from Windsor to Montreal, the new four-lane, be regarded as a toll road?

A. It has been mentioned as to the possibility, in discussions within the Board, but we have no specific

Q. In other words, it is a question that has to be answered by experts?

A. Yes.

BY MR. CHILD:

Q. What information would you require to arrive at a decision as to whether 401 should be tolled or not?

THE CHAIRMAN: Read the report. It is all in there.

BY MR. CHILD:

Q. Is it not largely a matter of policy and principle?

THE CHAIRMAN: Not according to their report, Mr. Child. If you read it, they tell you definitely what they want before they make up their minds.

BY MR. YAREMKO: Q.C.:

Q. There is at the present time a study being made in the Province of Ontario assessing the over-all needs of the Province of Ontario as to roads: is that correct?

If that survey shows that the present method of financing will not come anywhere near fulfilling the needs, would you go this far and say that toll roads have a great deal of merit as one of the answers toward the solution of fulfilling those needs?

A. Yes. If the study indicates that the possibility areprobabilities, then we are very definitely interested, yes.

THE CHAIRMAN: Gentlemen, you may ask that question in 15 different ways, and you will get the same answer each time.

BY MR. ROOT:

Q. I will be specific. It is a matter of principle. If a study indicates the need for more financing, and the government should decide that toll roads is the answer, then would you toll certain types of construction, regardless of whether it is new or old construction?

A. I think our thinking at the moment is that the only roads that should be tolled are the ones our studies indicate warrant it.

BY MR. BEAUMT:

Q. What do you mean by, "warrant it"? That covers a lot of grownd?

MR. IRVINE: Self-liquidating.

THE WITNESS: Yes, self-liquidating. That is a neat way of putting it.

BY MR. ROOT:

Q. Do you mean existing roads as well as new roads?

A. No. We have no opinion on the question of existing roads as against future roads.

This is a method of financing which, if a study indicates it would work best on the existing roads, we would be very much interested in.

If it is not an existing road, then a new one.

MR. ROOT: The problem we are up against, is that some existing roads are carrying very heavy vehicular traffic, and I wonder if your Association would say that we should classify the roads, and that all roads of a certain standard and volume of traffic should be tolled?

MR. YARMO, Q. C: Would your committee follow the proposed amendment to the Constitution of the state of New York, under which they were going to issue debentures in the sum of $750,000,000. for financing roads?

MR. IRVIN: No, we do not. I have seen some articles referring to it.

MR. YARMO, Q. C: It was defeated.

MR. IRVIN: We did not give it any study because there is a condition in many of the states, whereby they cannot incur debt for capital expenditures, and that has made the toll-road charge more appealing to the givernment, which cannot incur the debt.

THE CHAIRMAN: I think this will be a good time to adjourn for five minutes.

---Thereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: Gentlemen, shall we proceed? Has any member of the committee any further questions they would like to ask of Mr. Lacey, or any member of his delegation?

THE WITNESS: If there are no questions, I think Mr. Mahony would appreciate the opportunity of saying a word

about the brief.

THE CHAIRMAN: I would like to extend the opportun to every member of your delegation to say anything which occurs to them which has a bearing on the matter we are discussing. If anything has come into your minds since you arrived here, please let us have.

MR. MAHONY: Mr. Chairman and gentlemen; I was present at a meeting two weeks ago when the city of Hamilton a the county of Wentworth presented their briefs, and I believe one of the questions asked of the delegations was whether they would personally favour having a tool road over the canal, and I think the Hamilton representative, Controll MacDonald, said "Yes, they would".

The bridge will cost about twenty millions of dollars, and as far as our Good Roads' Association is concerned, we are absolutely in favour of having that a tool bridge

I come from Hamilton and I know the conditions there, and I know that during at least six months of the yea there are over twenty thousand vehicles a day crossing that Burlington bridge approach, and I know, also, that at least one-third of them are Americans, according to the statistics

When we go to the other side, we cannot get there without paying toll on some bridge, but apparently they can come off the New York Thruway - which cost them five hundred millions of dollars - into the province of Ontario proper, and they can fill their cars with gasoline on the American side, and come over here and run for at least a day, and may

longer, and then go home again, without paying anything toward the maintenance of our roads.

It seems to me the obvious thing to do is to make these people pay their share of the cost of going over our roads, and going over that bridge which will cost so much money.

I understand there is a tentative arrangement between the province and the department of Public Works at Ottawa, to the effect that they will pay at least one-quarter of the cost of the bridge -- possibly one-third -- or an amount of at least seven million dollars.

THE CHAIRMAN: I believe our contribution is greater than that.

MR. MACNEE: I believe it is thirteen million dollars.

MR. AULD: I think it is the other way around.

MR. MAHONY: That is what I meant. The Federal Government is paying about one-third of the cost. It seems to me it is a real "natural" to have a toll there.

I remember on one occasion the Suburban Roads' Commission took a cencus down there, and found that on Labour Day, 1951, there were twenty-eight thousand vehicles crossed that canal, and at eight o'clock in the morning a road block started, and by ten o'clock that same day, there were over seven thousand cars blocked between the bridge and Grimsby, and need I tell you that you can compute that

in the cost of lost time, when there were about three people in each car waiting to get to Toronto to attend the Exhibition, and I think you can all realize the need for having sufficient facilities on our roads, bridges, and so on. That is one point.

Another thing I want to say is this: At a meeting two weeks ago, the General Manager of the Motor League was here, and I think he made the statement that the brief he was submitting had the approval of the Ontario Motor League, and, so far as the city of Hamilton is concerned -- and I have been a director of the League for the Hamilton branch for the past twenty years; in fact, I was president on three different occasions -- we know that, so far as the Ontario Motor League in its Hamilton section -- and it has thirteen thousand members, and is the largest unit of any League Branch, with the exception of Toronto -- they are unanimously opposed to the position taken by Mr. Hastings, and are entirely in favour of this brief we have presented here today.

THE CHAIRMAN: That is very interesting, Mr. Mahony. There is one question which arises out of your comments. Are you in favour of the general principle of tolls in structures, such as this bridge?

MR. MAHONY: It seems like a reasonable thing to do.

THE CHAIRMAN: I am thinking of the possibility

of a bridge over the Welland canal. It would probably advance the construction of the bridge -- although I am only guessing; I have no inside knowledge -- but I think if that toll principle was accepted, the bridge could come into being six or seven years sooner than it would otherwise.

MR. MAHONY: There is no question about that. I think if you took a toll of the people with whom we have discussed this, you would find that a great majority of those who have crossed the canal would rather pay a toll than be held up there as they usually are for an hour at a time, or longer, due to roadblocks.

THE CHAIRMAN: That is information we are glad to receive.

MR. MAHONY: At our annual convention, which will take place beginning on February twentieth, we will have, without any question, well over two thousand attending that convention, and we are having visitors there from the United States and Canada, and "toll roads" is the principal matter to be discussed at that conveneiton, and I would like to invite every member of the Committee to come there, if you have the time, and listen to what is being said, and find out the general geeling of the audience who will attend that meeting.

MR. REAUME: I have an article taken from a paper, which I will not mention, although it is a good

paper, which says if we are going to build toll roads in certain areas, the people only in those areas ought to be the people who should have the say as to whether or not a toll road should be established.

In other words, if a toll road is to be built in an area near Windsor, why should the people of Peterborough, or any other section, have anything to say about a road being built in any other part of the Province.

What is your feeling on that, Mr. Mahony?

MR. MAHONY: My opinion is simply this; that toll roads -- or any kind of roads -- in the province or in this country, form a national system of communication, and no one who has studied the facts will deny that when you take into consideration the fact that many people move from place to place every day,,and that a great number who move from place to place do so by roads, than over the railroads and waterway combined, I think we will agree that every part of the province is, or should be, interested in improving the road conditions in their districts.

MR. REAUME: That is a good answer.

MR. SANDERCOCK: I am interested in this convention which is to be held. If we could be notified of the afternoon or evening when toll roads will be discussed, I am sure a number of us would be glad to attend. If we could be notified that it will be discussed at a certain time, I am sure a number of us would be interested in it.

MR. MAHONY: We have never -- and will not -- ask people to support us. We depend on the good sense of people to support our organization. We never have made it a business to advertise at all, and it might interest you to know that, despite the length of time we have been in existence, the total amount of our budget amounts to less than eighteen thousand dollars a year, notwithstanding the size of our conventions.

For that reason we will not put out any advertising, but we will send to every member of this Committee a copy of our programme, as soon as it is completed, giving the time each subject will be discussed.

THE CHAIRMAN: Thank you.

MR. POWELL: On Tuesday, the 22nd, the hon. Minister of Highways will speak and will be followed by an expert from the United States. I am not saying the two speeches will be connected in any way.

MR. MACKENZIE: Mr. Chairman, I would like to ask what would be the reaction of the Good Roads Association -- perhaps Mr. Mahony can answer this -- I am sure that one of the chief difficulties you have is the congestion of the streets in Hamilton, and the thought that struck me was this; what about the feasibility of building an entirely new road and making it a toll road, say from Windsor to Fort Erie, skirting around Hamilton, cutting across the Bay to the east and direct to Fort Erie

following more the north shore of Lake Erie.

MR. MAHONY: I believe that matter has been considered already by a couple of planning experts in Hamilton, and I think it is a very important suggestion to make, and I would be willing to say that might be a solution of the difficulties in regard to the congestion of traffic going through.

The Manager of the Harbour Committee, Mr. Burton Corman, made the suggestion on two or three different occasions that he thought it would be a splendid relief for the congested sections of the City.

(Page 1244 follows)

MR. MACKENZIE: I might add this further, Mr. Mahony. The suggestion has been put forward that the road over the bridge be a toll road, the financing to come from issuing bonds, Toronto paying its share, which would seem to take the whole picture more into the program.

Would that be your thought, too?

MR. MAHONY: It certainly would.

MR. MACKENZIE: It is quite feasible to go around the western end of Hamilton?

MR. MAHONY: That could be done very easily and without a very heavy expenditure of money.

MR. AULD: I would like to reiterate again that the figures we had, that is, the percentage of expenditures on the roads, were on a cash basis and did not include the interest which has been paid.

We received a very good picture from the figures given us by the hon. Provincial Treasurer, and that deals with the highway expenditures just on a cash basis, and shows a figure of approximately $136 million, but figuring that on a basis of 4½ percent., and on a 30-year amortization basis, it comes to $461 million.

You cannot overlook the question of the interest, because it has been paid, and I think it is perhaps fair to say that these figures, if they were worked out on a basis including interest the deficit, both Provincially and the interest on the debentures which the municipalities have sold to cover capital expenditures on the roads, would probably be reduced by certainly 10%, and probably 15%, I would think.

But this figure, when it is broken down, is on a cash basis and does not include any interest.

THE CHAIRMAN: In other words, Mr. Auld, your point is that the final column of figures would be, in effect, greater or lower?

4 MR. AULD: That is a matter of the basis on which they are calculated, and might be misleading on the basis of the over-all contributions which have been made as between users and other sources of revenue. It is a case of deciding how we pay for the roads.

THE CHAIRMAN: Are there any further contributions any member of the delegation would like to make?

If not, are there any further questions any member of the Committee would like to ask?

MR. MAHONY: I have nothing else to say except that I was interested in the discussion on

what percentage this interest should be for the roads.

There have been different commissions which have worked on that, and have come to different conclusions, -- nearly all of them -- one in England in 1928, and one in the United States in 1916, when they tried to subsidize state highways.

Then, in 1933, when the Bennett government was in power, I think a commission was appointed which was known as the "Gregory Commission", they came to the conclusion, along with the others, that the first charge should be against the users of the road, the second charge should be against those who would benefit, and the third charge would be against the community - which is the whole country - . What percentage each one should pay, I do not know. That might depend on circumstances.

Then in Ontario, as you know, we had the Chevrier Commission, which also gave a decision along the same lines.

I think copies of the reports of these commissions might be very easily obtainable.

MR. ROOT: I wonder if at your conventions of the Good Roads Association, you will come to any definite conclusions either for or against toll roads?

Is it on the agenda to take a vote, or are you just going to talk about it.

MR. MAHONY: We do not usually take a vote.

As a matter of fact, ours is a municipal convention, and these matters should be considered in the municipalities which send representatives to the convention.

As regards the County of Wnetworth: we think that toll roads would be one of the means to enable the Provincial Government to meet their debt expenditures and give us a better system of highways. There is no question about that.

The City of Hamilton - the second largest city in the Province - has a governing Board which has come to the same conclusion.

I believe at the coming convention we will have Mr. Gardiner, the Chairman of the Metropolitan Commission, as one of our speakers, and you, yourselves, can hear from him as to his views.

With that information before you we, as an Association, do not believe we should take the responsibility to dictate to all the others as to what they should or should not do.

We would like to get an expression of opinion from yourselves directly. I understand there was a meeting held in the eastern part of the Province at which 65 municipalities were represented and that conference agreed that the adoption of the toll-road system would be of advantage to the Province and the municipalities, as well as to the government itself.

THE CHAIRMAN: Yes, we have copies of that, Mr. Mahony.

MR. MAHONY: This will go into our records. We have this resolution from the County of Wellington asking that these super highways be constructed as toll highways on the same basis, which would release more money for municipal subsidies.

MR. ROOT: Do you think this is important enough so that we should go on the road and give the municipalities a chance to appear before us? Do you think the local municipal bodies would be reluctant to come to Toronto?

THE CHAIRMAN: They have been invited to appear.

MR. MAHONY: I think the municipal bodies which have membership in our Association have sufficient confidence in our judgment to protect their interests; at least, we have had no protest from them.

I am sure it would be asking too much of your Committee to go around the Province and visit each municipality to find out what its views are.

I had some experience with that during the ten years I was a member of the Legislature from 1924 to 1934, when there was a Highway Committee appointed by the Government, whose business it was to go around the Province and investigate conditions, interview the municipal councils, and listen to any complaints, and,

incidentally, to visit the neighbouring States and find out what system of road administrations they had in those States, and to secure information which had to do with road improvement.

That Committee was in operation for 10 years, until something happened in 1934, when there was a change in government and a chance in policy with regard to securing the information in that way. Apparently they thought they knew everything that was worthwhile, and did not want any further information. That is why the Committee went out of business. We went out to find out what the people thought.

That is the way it was done at that time.

THE CHAIRMAN: Gentlemen, I would like to express to you the thanks of this Committee for appearing here, for your brief, and also for the very frank way in which you have answered the questions. I do not think we have "pulled any punches" in throwing our questions at you, and we have asked you the toughest questions we can think of.

THE WITNESS: Mr. Chairman, and gentlemen, the members of our Committee would wish me to express our thanks to you for the excellent reception you have given us. It has been very stimulatng, and we will follow with extreme interest the results of your deliberations, and if we can be of any further assistance, you have only to let us know, and we will do all

we can to assist you.

THE CHAIRMAN: Thank you very much.

---The witness retired.

---The representatives of the Good Roads Association retired.

THE CHAIRMAN: Gentlemen, for the record I would like to read this resolution from the County of Wellington, which has been mailed to our Secretary with the request that it be presented to the Committee.

It reads:

"Whereas;

The Traffic problem is general and seriously increasing on all Roads and Systems throughout the Province, and,

Whereas,

The expenditures made necessary by increased and increasing Traffic bear as heavily in proportion on Municipal Roads systems as on the King's Highways, and

Whereas,

The Municipalities have been and are being deprived of necessary work and expenditure due to the present policy of the Department of Highways, Ontario, and

Whereas,

It has become evident that the Department of

Highways, Ontario, is unable to support adequate and necessary development of Municipal Roads Systems, while financing the tremendously expanded program of King's Highway Development, all from current available revenues, and

Whereas,

Tremendous sums have been spent, and are being spent for development and construction of Super-Highways, Limited Access Highways, and 400 Class Highways,

Now Therefore,

Be it Resolved,

That this County request the Select Committee of the Legislature on Toll Highways to incorporate in its Report a recommendation that all Super-Highways, Limited-Access Highways and 400 Class Highways now existing or to be constructed in future in Ontario be Toll Highways to be built and maintained by private enterprise, and to be administered by a Toll Highway Commission which shall be completely separate and independent from the Department of Highways, Ontario,

<u>And Be It Further Resolved</u>

That the various Municipal Roads Systems in the Province be granted a greater degree of

f financial support annually from the Department of Highways, Ontario, in keeping with a realistic and modern appraisal of conditions and requirements and in compliance with the intent and spirit of the Highway Improvement Act.

MR. REAUME: What does that part mean when it says, "built and maintained by private enterprise"?

THE CHAIRMAN: You tell me; I do not really know what it means.

MR. MACKENZIE: The suggestion would be to build toll roads outside of the government entirely.

THE CHAIRMAN: That is what it says. However, I rather doubt that is what they mean.

MR. YARMKO, Q.C.: It means an independent Authority.

THE CHAIRMAN: It means independent money, but there seems to be some misconception. All money is independent.

MR. REAUME: How independent?

MR. ROOT: On this resolution, I met one of the members of Council on Monday, and he said, "I am a little concerned about that clause, although I voted for it".

"I do not think we want the Highway System to be handed over to some private company."

That would be one advantage of this Committee

going to certain centers, and what they meant might be clarified.

I went to the County Council, and some of the members there said they would like to appear before the Committee.

MR. REAUME: I think we should ask them to clarify that one point. Would it be in order to write to them and ask them to elaborate on that one point, which seems to me to be very important?

MR. ROOT: I think it is quite feasible, because I have an invitation to appear at a special meeting of the Wellington County Council next Monday, when they will be discussing roads.

THE CHAIRMAN: We will follow Mr. Reaume's suggestion, and ask Mr. Collins (Secretary) to ask for clarification, because there is a direct contradiction of terms here.

MR. CHILD: It must have been written by lawyers.

THE CHAIRMAN: It obviously was not.

MR. REAUME: Would I be in order in asking if in the interim, while we are going on with this other work, we could not start the ball rolling?

I do not think there is any use in arguing about this business of Federal aid, but there might be something we could be discussing, and perhaps we might get something out of it.

Could we take up the problem with Ottawa, in the event of possibly entering into an agreement on road building which will ultimately benefit the whole of the Province, indeed, everybody in Canada.

Could we not start the ball rolling along that line to endeavour to find out whether it is feasible or possible for us to finance the roads with tax-exempt bonds?

I think if we arrive at that point, it will be one obstacle out of the way, thatis, if we could arrange with Ottawa to have these bonds exempted from taxation.

This bond exemption seems to me to be an important point, and one upon which we should make a start now.

THE CHAIRMAN: Are you suggesting, Mr. Reaume, we should approach, I presume, the hon. Minister of Finance, and that the approach would have two branches (1) can we anticipate any support other than connected with the trans-Canada highway, and, (2) in the event that any Provincial government should decide to issue state-backed bonds to finance highway construction, could an amendment be made to the income tax Act to provide that interest on those bonds would be tax free?

MR. REAUME: Thatis right.

THE CHAIRMAN: I am trying to isolate this problem to see what we are talking about.

MR. REAUME: Thatpretty well hits it on the

head. I do not think it should simply be done by writing. I think probably you and one or two others should go down and see him and interview him, along the line I have suggested, and also contact the Federal members of the various municipalities.

I think it is important enough so that you and somebody should go down and interview the hon. Minister, and lay the cards on the table, that if we are building highways, then the important thing is to issue bonds for such purpose.

I think, if we could get that business out of the way, it would remove one of the greatest obstacles with which we have always been faced in our Province.

MR. MacDONALD: There is one other point, too. While I sympathize with what has been suggested, I think it is too easy a solution.

For example, it minimizes not one iota the problem we have of building highways at this time. The hon. Prime Minister said at the last session of the Legislature that our greatest problem is education, because they have invested $50 million or $60 million capital in new schools. Are we going to Ottawa and ask that bonds for new schools be tax-exempt?

MR. BEAUMONT: My only answer is this; we are here, as a Committee, to deal with roads. If we were dealing with matters of education, that would be some-

thing else. I agree with you that we should stick to the job we are appointed to do.

MR. MacDONALD: We cannot escape a consideration of this issue, and its relationship to the other.

MR. REAUME: No one wants to escape from anything, but I think we were appointed to do a certain job, and it is up to us to do it.

MR. YAREMKO, Q.C.: You will recall when the finance people were here, that is, the Ontario people -

MR. COLLINS (Secretary): The Investment Dealers Association.

MR. YAREMKO, Q.C.: Yes - that I brought up that question of tax-exempt bonds for highway purposes, and the reply was they thought it was just one aspect which was tied in with all municipal financing. In the States it is not just toll road bonds, but all municipal bonds, and one of that delegation gave it as his opinion that it was never thought that would come into being in Canada.

He did not tell us why he thought that way.

THE CHAIRMAN: I can tell you why. I think it is obvious that it is such a great departure that the fiscal policy of the government would have to be reframed, including many financial policies of the government, but perhaps Mr. Reaume's point is that at least by asking, we have it on record that we have exhausted all possibilities.

MR. REAUME: That is one reason. I remember, back in 1933, in Windsor, there was a question of sales tax, and everybody had to pay it. Sales tax was paid on everything that was bought and sold in Windsor. We questioned that and we thought we should be exempt from that, and I believe a fight was had in the courts, and we were exempted.

The law was quite clear, but we argued it back and forth for months and months, and they finally said we were exempt. Whether they had to amend the Act or not, I do not know. From that point on we paid no more sales tax.

This might be a comparable case.

MR. MURDOCH: If we are really interested in getting the Federal Government to change this, they will not change it on account of representations along the line of roads alone. If we are going to have it changed, it will mean tax exemptions across the board for all bonds.

So I think the most effective approach would be to go down and ask them to reconsider the whole policy.

MR. REAUME: If there are any other avenues of approach in regard to government policy along these lines, let us explore them. The government at Ottawa follows the government of the United States in some fields, and they may come around to the matter of

exemptions for education, as well as for highways.

THE CHAIRMAN: I appreciate your point, but I must take the attitude that I do not agree with you, because we consider it to be an absolute waste of time.

At the present time, the Federal government and the Provincial governments are considering a National Health Program which will be extremely expensive, and I think if there was the vaguest hope in the world that we would come back with a successful answer, I would say "by all means, let us wait on them".

We are being pressed for time. We have a colossal amount of material to go through, and our session opens next week. To me it would simply be going through the motions to ask for this, and I am afraid we have not a chance of achieving either of these objectives.

MR. BEAUMT: They are very fair-minded people in Ottawa.

THE CHAIRMAN: I am not arguing from that point of view at all. I am not letting politics rear its head. I am trying to be practical.

I am sure we all want to get on with the job we have been given to do, and I feel this is a sort of a side issue. However, if we wish, we can put a recommendation in our report to the effect that the Provincial government makes strong representations to Ottawa on this point. Frankly, I think we will get farther in that way, than by any other way.

MR. BEAUMI: I do not agree this is going up a side road.

THE CHAIRMAN: For our purpose immediately, I think it is. From a long-range viewpoint, it might be wise, if the Committee is of the opinion that some recommendation should go into the report. If that is the wish of the Committee, I will be happy to have it there.

MR. ROOT: I think something should go into the report in view of the representations we have from the Motor League, and the Good Roads Association.

I think if the Provincial Government makes up its mind what it is going to do, it should get in touhh with Ottawa and see whether in the forseeable future they are going to do anything. I think it would be sound to mention this matter in our report, and they might decide that it is part of their responsibility.

MR. BEAUMI: That is entirely correct.

THE CHAIRMAN: I agree with you whole heartedly that we should not leave that avenue unexplored. If the Committee wish it by way of legislation, that would be agreeable to me.

MR. MANLEY: I think that is the only way of doing it. However, I think this Committee would look silly going down to Ottawa and asking for it ourselves. The proper approach is through the Government, on matters of this kind.

THE CHAIRMAN: Then we will embody it in our report.

MR. CHILD: I think the Committee should go on record as being in favour of it.

THE CHAIRMAN: I think we should make a note that we have found something upon which we all agree.

Now, about the balance of our program: this afternoon Mr. Wade, a Statistician from the Department of Highways, and Mr. Macnee are going to give us some figures in regard to highway needs, and project what will be needed in the future, and some estimates of what might have been done in the past, but which has not yet been done. It will not take long, but it will be interesting, and I am sure we will all find it so.

Then following that, I would like to have a private meeting of the Committee, and I think we should just sit down and start hammering away at some of the ideas we have.

I would like to reach an agreement, if possible, - and I see no reason why we cannot - on certain basic principles of what we have been studying.

We will sit tomorrow with the same idea in mind. There are no delegations to appear before us then, and we will sit privately and work out our own ideas.

---Continued discussion re future proceedings not reported, by direction of the Chairman.

THE CHAIRMAN: I think it might be well if we included in the record a statement in regard to the Weight Mile Tax, as effective in the State of Oregon However, that can be considered later.

THE CHAIRMAN: If there is nothing further, we will adjourn until 1:45 this afternoon.

---Whereupon the further proceedings of this Committee adjourned at 12:20 o'clock p.m., until 1:45 o'clock this afternoon.

(page 1267 follows)

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A F T E R N O O N S E S S I O N

Toronto, Ontario,
Wednesday, January 25,
1956,
1:45 o'clock, p.m.

- - - - - - - - - - -

The further proceedings of this Committee reconvened, pursuant to adjournment.

PRESENT:

Mr. J.P. Robarts, Q.C., Chairman,
Presiding.

MEMBERS.

Sandercock

Auld

Root

Mackenzie

Yaremko, Q.C.

Child

Manley

Reaume

MacDonald

Mr. D.J. Collins, Secretary.

APPEARANCES:

Mr. W. Q. Macnee,	Traffic Engineer, Department of Highways, Ontario.
Mr. P. E. Wade,	Highway Analyst, Department of Highways, Ontario.

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THE CHAIRMAN: Gentlemen, I think we can get started, as we have a quorum present.

We have with us this afternoon, Mr. Phillip E. Wade, whose official title is that of "Highway Analyst". He is in charge of the Statistics and Economic Branch of the Department of Highways.

The matter he has here was prepared for submission to the Gordon Commission, which is sitting here at the present time. He has no authority to release this to the Press. We have copies of it for each member of the Committee, and if the Press want to come and hear it, alright, but we will ask them not to print it.

It may be issued in due course through the Department of Highways, but Mr. Wade does not feel he should take the responsibility of giving it out today.

I will ask Mr. Wade to explain what it is he has. We can distribute these, and he can tell us what

it is. I do not know what he is going to say, but I think we will find it interesting.

P H I L L I P E. W A D E,

Highway Analyst, Ontario Department of Highways, appearing before the Committee, but not being sworn, deposes and says:

BY THE CHAIRMAN:

Q. Will you proceed in any way you see it, Mr. Wade?

A. First, Mr. Chairman, I will pass out these copies.

For about a year now, we have been carrying out highway-need studies, taking inventory of highways, and trying to determine the deficiency sections, and what the general needs of the highways are.

We have not yet completed the project, but it has just recently been planned to carry out a complete highway-need study of the King's Highways, and prepare a report on it.

This is to be done in conjunction with the Automotive Safety Foundation of Washington -- I am not sure whether I should take the responsibility of telling you that. I believe the report will be prepared by the end of the year.

We are about one-third of the way along the project now, and what I am giving you is sort of a rough summary of some of the work we have done.

This was prepared some time ago at the request of the Economists in the Treasury Department, who wanted something to give to the Gordon Commission. We do not have much on hand by way of details yet, but there was a member of the Automotive Safety Foundation on hand, and he suggested a method which was used in the United States Highways circles, that is, the predicted future volume, in conjunction with future traffic demands.

As part of our Highways-need studies, we have to determine what the future traffic will be in Ontario. It is, at best, a cyrstal-ball affair, and we have to do a bit of work on this particular report, and I think this is about the best we could do, under the circumstances.

You can see from Chart No. 5, the vast vehicle miles in Ontario, which goes up very sharply, showing a tremendous increase. It indicates an increase of about three times as much traffic in the next twenty years, and two times as much traffic in the next ten years.

BY MR. AULD:

Q. That "total vehicle miles of travel"; it is not that an average person will drive more; it is the

total number of miles which will be travelled by the expected number of vehicles at any time, and also any increase in the figures for the average number of miles travelled?

A. That is right. As you can see from the previous tables, it is a combination of several things, the future change in population, the future change of motor-vehicle ownership, which will reach a static state, which will be reached at some date in the future.

It also includes the future average travel per vehicle which also reaches a static value some time in the future.

The future values here are very, very severe. They are much greater -- I would say more than twice as great -- than any comparable increase in the United States. It is quite an amazing increase.

The way they have of estimating future needs is to relate to the general factors, say, so many cents per vehicle mile, and the future increase in traffic.

The factor selected was 1.5 cents per vehicle mile.

The gentleman who assists me in this prediction of needs, has worked on need studies in several States in the United States, and he has tried this thing before, and has had amazing success with it. He says he is not

sure whether it is good luck, or good management.

As explained here, the value of 1.5 cents per vehicle mile was used, and we secured a total need over the next ten years of $2,850,000.

That is broken down roughly -- and you must remember these are all rough estimates, and not based on engineering analyses at all, but are simply applying a rule-of-thumb to the present various factors.

The present backlog of needs, as broken down, amounts to $1,750,000,000. and the future needs, over the next ten years, amounts to $1,100,000,000.

The provincial highway backlog was broken down roughly, and the amount to be spent by each jurisdiction, the Ontario government, the municipalities, and the government of Canada, comes out, as you see at the bottom of page 1, to about $2 billion for the province of Ontario for the next ten years or roughly $200 million per year.

At the end of the year, when this need study is completed, we hope to have much more valid estimates based on engineering analyses of all the factors, and at that time we will see how these rough estimates compare.

This other sheet of paper I have given you is a summary of some surveys which were carried out last

year of the existing King's Highways' mileages, part of which -- or about 8,000 miles of it -- is classified as "intolerable sections" for various reasons, and we have come up with the following rough values. As you will see, from this summary, there is an approximate mileage of 2,780, which is considered intolerable in regard to surfacing condition.

Actually that does not compare with the bottom figure because certain of these deficiencies overlap each other, and the total deficient mileage is about 3,500 miles, or about 44 percent. of the mileage studied.

MR. AULD: Is that the approximate total of the King's Highways?

THE WITNESS: Yes, that should coincide with the total of the King's Highways. We do not vouch for its accuracy. I think that includes the new highways which were put in last summer.

BY MR. AULD:

Q. That figure on the first sheet for the Trans-Canada Highway is not the net figure "$60 million" -- of the cost to the provincial government?

On the first sheet of the Highway Needs over the next 10 years, I see "Provincial Highway Requirements for the Next Ten Years".

A. What was the question? Is that a net figure?

Q. Yes, is that the cost to the province of the Trans-Canada Highway in Ontario, or the total cost of the highway?

A. The total cost of the Trans-Canada Highway is estimated in these figures as $120 million. $60 million on roads which should be built now; $60 million on roads which are programmed for the future, but only 50 percent. of that will be paid out by the province.

BY THE CHAIRMAN:

Q. Mr. Wade, under the listing of "Present Backlogs", you have Highway 401 calling for $210 million.

Do I take it, from the fact that that is included as backlog, that it is the opinion of the Department of Highways that that road is needed now?

A. You probably will secure a great deal of disagreement as to that figure. It was made up by myself and the priorities engineer of this section of 401, which could be called immediately. I believe it was possible you might say that about 80 percent. of Highway 401, if it was built now, would be put to very good use.

Q. Then it is not being built now. The natural assumption is it is not being built now, because there is not enough money to build it. Is that correct?

A. Yes.

Q. These questions are very pertinent to our discussion and contain the answers we are after. I am very interested in knowing whether 401 is considered necessary, but is not being built now, because there are not funds available to do it.

MR. MACKENZIE: Mr. Chairman, is Highway 401 on the priority list?

THE WITNESS: This section of 401 was on the priority list.

BY MR. MACKENZIE:

Q. I mean, the road as a whole?

A. Not as a whole.

Q. I am speaking of the part from Windsor to Toronto. Is that on the priority list?

A. Yes, it is. I think contracts have been let on it.

Q. On most of it?

A. Yes.

MR. MACNEE: There are certain sections of the proposed 401, and it is the general feeling there are other section of highway in the province which actually have a higher priority.

There are sections of 401 which it would be nice to have right now, but the need is not as pressing as other jobs, so the entire length of the unit is not

on the priority list.

MR. MacDONALD: That would be particularly true of the eastern end?

MR. MACNEE: Parts of the eastern end have very high priority, owing to the Seaway.

BY MR. AULD:

Q. That figure of $210 million over the next ten years; is that the estimated cost of the remainder of the whole of Highway 401, which is not now either budgeted or contracted?

A. No. As a matter of fact, that might not be a very valid figure. It was this portion of Highway 401 which was to be constructed in the foreseeable future.

Q. That would lead one to assume that we could not expect Highway 401 to be completed from Windsor to Quebec in ten years?

A. I would say this whole highway is estimated to include the completion of Highway 401, but it is a total estimate, and it has not been broken down to include that.

In theory, I think it would include it.

Q. We have quite a difficult problem to get at here, but could you give us -- or have you any knowledge of an estimate of the amount of money which will be required to complete this portion of the highway throughout its length -- that is, Highway 401 -- which has not

already been budgeted for, up to and including 1955? Am I correct in that?

A. Well, I do not have a very accurate picture of it. Making a rough guess, the total length of Highway 401 is around 500 miles, or perhaps a little more than that.

Q. I think it is about 600 miles, is it not?

A. The portion of it which is being budgeted for right now is the Windsor portion, which is about forty miles.

MR. AULD: I think 515 miles is the total.

THE WITNESS: Yes, and the portion around London is, of course, budgeted, and the portion around Cornwall would be about 100 miles in total, would it not?

At the present time, there are about 150 miles presently operating, or perhaps not that much. There would be about 100 miles, I believe.

So there would be 300 or 400 miles yet to be paid for, and it would average about $600,000 per mile.

BY MR. MANLEY:

Q. In basing your average there per mile, are you basing it on a four-lane highway right through, or a two-lane?

A. It is a factor of one and one-half cents per vehicle mile. Is that what you mean?

Q. Yes. You just mentioned to Mr. Macnee that it would cost about $600,000 per mile. Is that for a four-lane highway, taking in grading, paving and everything?

The information I would like to get I think would be valuable for this Committee. If we are going to take Highway 401 as claimed with a length of 510 miles, or whatever the distance is, can you tell us how many miles of that highway is presently completed?

THE CHAIRMAN: They have all of that on the chart which was given to us before.

MR. MANLEY: Then can the Department tell us how many miles at the present time, and within the next five years or so what the traffic is expected to be in these particular areas -- how many miles would have to be four-lane, and the number of miles where perhaps one lane will take care of it.

Then we might be able to arrive at the time it will take to have a continuous road right through, which would take care of the needs of some localities, where a two-lane highway would handle it for some time?

MR. MACNEE: The expected volume on Highway 401, from one end to the other, is such that it should be a four-lane divided, throughout its entire length. This volume will produce not enough to justify toll financing; however, it will be such that two lanes will

not be able to serve it adequately.

MR. AULD: Of course, there is a difference between what is required for a non-guaranteed bond, and what is required to make it desirable, in the way of expediting the movement of traffic.

MR. MACNEE: The big point is the seasonal variations we have taken as an average over the years, and there may not be a sufficient traffic volume to make the road pay as a toll road.

We have three or four months in the year when there is more than enough traffic to necessitate four-lane divided construction. In other words, for maybe eight months of the year you would not need the four-lane divided, but for the remaining four months, you really have to have it.

THE WITNESS: I might interject here that even if there was not enough traffic to justify a four-lane divided construction immediately, when you are going to build the road, you would have to built it on a construction basis, that is, you would have to do the grading for a four-lane highway, at a greater expense than for a two-lane.

BY MR. MANLEY:

Q. I can understand how you might want to do the grading to add another two lanes to it at a future time.

A. Yes.

BY THE CHAIRMAN:

Q. I would say that Highway 401 is needed presently.

A. Yes.

Q. And needed as a four-lane highway throughout?

A. Yes.

Q. Can you tell us what the Department of Highways estimated total is to construct it? For instance, I come from London, and I notice a stretch thirty-four miles in length being built around London, and I drive seven miles south, and then cut off of it at Woodstock, and come back on No. 2.

Is the Department of Highways planning to build the link between London and Windsor to the west, and between Woodstock and Toronto to the east?

A. There are quite a few portions of Highway 401, including the two you have mentioned down east, for which no definite date has been set. It has not been included, to my knowledge, in future scheduling.

The nature of this need study is to enable proper programming for highway No. 401.

MR. YAREMKO, Q.C.: This map which was provided takes us as far as 1958.

THE CHAIRMAN: There is no construction in

this area until that date.

MR. REAUME: It is going along rather slowly in certain places. Whether it is needed or not, I do not know the answer. Would it be fair to ask the reason for the slowness of this construction of the road? Is it lack of money?

MR. MACNEE: I would say a goodly portion of it is.

MR. REAUME: If the province had the money to do this road now, I do not think there is any question but what it would be done.

MR. MACNEE: One of the things is this piece of nearly 2,800 miles of road that is inadequately surfaced at the present time, and one of the reasons is the lack of availability of money and availability of equipment, from the point of view of the contractors. It is a combination of both money and equipment, which is holding it up, plus the fact that there is so much of our existing system which has to be maintained to a higher degree to serve the province. That has to be kept up, and we cannot divert either funds or equipment from those sections.

MR. REAUME: If money were available, then equipment would become a secondary thing?

MR. MACNEE: That is true.

MR. SANDERCOCK: Is the engineering up to date? There is no hold-up in connection with the engineering?

MR. MACNEE: I think that would fall into the same category as this business of the equipment. It is possibly not up to date, and if the programme was to be expanded, then the corresponding staff would have to be expanded accordingly.

MR. MACKENZIE: The Department has not the engineering staff?

MR. MACNEE: The Department has the engineering staff within limits, consistent with our present expenditures. We have the staff to handle the work we are doing at the present time.

If, for argument's sake, the financial allotment of the Department is doubled, it is obvious the engineering staff would have to be doubled accordingly.

There is a shortage of engineers.

MR. MACKENZIE: Are these men available?

MR. MACNEE: The engineering personnel -- it is not possible to obtain them. They are not the easiest ones to get.

MR. MacDONALD: A year ago, we did not spend our highway budget of $130 million, which was due to the investigation into the Department, which tied up

the engineering work.

How close are we to the point of saturation or diminishing returns, or however it may be described, for construction?

I think Mr. Reaume's observation is correct, that if we have the money, we can get the equipment, but there may be a point, even in a Department as big as ours, where it is not efficient to drive on with a 50 percent. expansion.

MR. MACNEE: I think the expansion would have to be curtailed. I do not think we could just double the Department this coming year. The technical difficulties would be insurmountable.

What has happened since the war is that the allotment of the Department has been increasing, and the Department has been increasing with it, and the contractors have been expanding at the same rate.

MR. MacDONALD: It has doubled in two years?

MR. MACNEE: We have more than doubled in two years.

MR. MacDONALD: What has been the experience in other jurisdictions where they have decided -- for instance, in New York State -- to build several hundred miles of thruway? They could obtain the necessary people to do the work, because they take the consultants,

I presume.

MR. MACNEE: Yes, particularly where it is an isolated case.

THE CHAIRMAN: Gentlemen, I hate to interrupt this, but we know that work has to continue in the Speaker's Apartment, so, with your permission, we will move down to Committee Room No. 1, and they can work up here also.

---Whereupon the Committee adjourned to Committee Room No. 1, where the following proceedings were had.

MR. ROOT: Mr. Chairman, I notice there is a backlog of $830 million on county, township and urban streets. Is that because the province is not prepared to subsidy the work?

THE WITNESS: $830 million? That (indicating) is $230 million?

BY MR. ROOT:

Q. And $600 million on urban streets.

A. Yes, that would be $830 million.

That would be a matter of street deficiency due to the nature of the highway operations. Highways are intended to be kept in operation. However, it is uneconomical to keep them beyond the point where they should be reconstructed, permitting traffic congestion, intolerable pavement conditions and that sort of thing.

BY MR. AULD:

Q. And that takes into consideration both the increase in traffic, and the increased loads which roads have to bear today, which were not built for those conditions.

A. Well, it did not take those into account especially. They have other reasons.

I believe the main reason is they are based upon past trends, and in the past these conditions have been changing, and we can assume at the same rate as they will in the future.

BY MR. MacDONALD:

Q. It would include such things, for example, as expressways?

A. It is the estimate of the over-all needs, except for this proven backlog. That figure of "$2,850,000" is really a rule-of-thumb estimate for over-all needs, without taking into account particular cases, and without saying how much expressways will cost, or city streets will cost.

It is based upon past experiences of total needs in the States.

BY MR. ROOT:

Q. The total need for ten years for the municipalities; that is the municipalities' share, as

well as the provincial share?

A. The municipal share is indicated at the bottom of the page, based upon the average percentage the municipalities pay, about 40 percent. for the municipalities, and for urban streets, about 60 percent.

Q. Do you think the municipalities would be ready to go ahead if the province could put up its share?

A. That is a very good question. I think the Department has operated in the past. They have not treated the needs of the system of county and township roads, which are perhaps quite deficient in many ways.

The province has not attempted to say "you need this" or "you need that". If the municipality wants to put up so much money, the Department will meet it.

BY MR. MacDONALD:

Q. Is it not a fact that in a majority of cases, the budgets have been cut? What happens to the budgets put forward by the municipalities? Usually, they are cut down.

MR. AULD: I am not trying to belabour the point, but I think it would be more fair to say there have been cases where it has been cut down, but whether it is usual or not, I cannot say.

MR. MANLEY: Many of the municipalities have been advised not to raise their appropriations over the last several years, as a whole.

MR. AULD: In many cases, they want more. They would like to do more work, but they cannot raise the money, and cannot afford it.

MR. MANLEY: I think many municipalities are prepared to spend more money, if they can get the appropriation at the provincial level.

MR. AULD: That may be true in some cases, but in ourown area, they increased the budget $75,000. and I know the Department feels they should have increased it more.

THE WITNESS: Quoting my superior, the Planning Engineer, who has had a great deal more experience than I, he stated the other day the departmental policy has been in the past that, in the main, they were meeting what the municipalities wished to spend, without question.

It is possible the total figures have been cut. I am not sure.

MR. MACNEE: It is quite conceivable that in many cases where the proposed budget of a municipality has not been met, it has been due to technical reasons, where the Department, from its planning aspect, realized that some of the projects suggested are, perhaps, not

necessary, in comparison with other projects within the municipality.

I do not personally know of any case where somebody has asked for "X" dollars, and has been given "$\frac{X}{2}$" dollars.

MR. MacDONALD: My impression may not be a valid one, but I seem to recall in moving about the province, it is a fairly consistent feeling of local councillors that every time they have their budget cut at Queen's Park. That may be just an illusion.

THE CHAIRMAN: I do not know much about it, because in my particular riding it is not a problem which has come to me.

It runs in my mind there have been municipalities apply for subsidies on certain roads, which did not meet the subsidy requirements, and they are cut down, not because the Department has not the money to spend, but because what they have asked for does not come within the qualifications required for subsidy.

MR. AULD: The only case we had last year was where it was for a supplementary by-law to rebuild some bridges, and the municipal council called for tenders, and received only one, and the Department did not approve the by-law, because the cost was excessive, in its opinion, and that opinion was shared by the council,

after they received some comparative figures.

MR. MacDONALD: I was having some little difficulty in coming to a decision regarding backlogs. If I look at my own house, I can figure a backlog of $10,000. on things I should spend, from a realistic assessment, and so on.

But when I sit back, I can see, on the one hand, that I can justify it, but, on the other hand, it is not realistic.

I think the same may be true with such a whopping backlog as $2 billion.

THE CHAIRMAN: If you gave vent to your feelings, you would have a very sizeable sum.

MR. YAREMKO, Q.C.: Is this the ultimate or the penultimate of the studies today, that we should put in $2,850,000,000 for our highway projects for the province for the next ten years?

THE WITNESS: Those are not based upon individual analyses, but they are comparable analyses, based on past analyses, and they are usually considered a tolerable standard, that is, bringing your highway system to a tolerable standard, not a perfect nor ideal standard.

The way of going about it is this; most of the roads are below ideal standards, but you cannot

improve all of them immediately, so there is a selection made of those roads which are in the way of being critically deficient and intolerable, and doing something with them, and, if you are doing something with them, you might as well bring them up to a standard which makes them tolerable, but not a perfect standard.

It is so you will have a decent minimum.

BY MR. YAREMKO, Q.C.:

Q. So they are slightly over the tolerable standard?

A. Yes.

BY MR. MacDONALD:

Q. Here (indicating) I see 3,500 miles of intolerable roads. If I may interject politics, at the next election, if somebody said, "We will get 3,500 miles of road", there would be different definitions of "intolerable".

MR. YAREMKO, Q.C.: Is that one of the difficulties of the province of Ontario, that they have such a tremendous grid of highways? It seems to me you could get from anywhere to anywhere by a fairly good road.

THE WITNESS: We certainly have a tremendous area, but comparing our area with the States, we are not over-serviced with highways. Our King's Highways needing

work is about 8,500 miles.

I think you will find, in comparable States, like Michigan or Minnesota, which has about the same or a greater population, with much such area, have about 8,500 miles of road, and so we are not over-serviced.

BY MR. YAREMKO, Q.C.:

Q. So our grid system is not too shocking?

A. I would say it is adequate.

BY MR. AULD:

Q. That can be misleading, because approximately 80 percent. of our population is in about 20 percent. of the area, and I would say that about 80 percent. of our roads -- or say 70 percent. of our roads -- were in an area south of Sudbury, and a line drawn across there.

A. I would say the northern part of Ontario with its sparse population, is over-serviced with highways, while the southern portion is under-serviced.

Q. For the number of miles of highway?

A. The mere fact that Highway 401 is necessary now, bears that out.

BY THE CHAIRMAN:

Q. That situation will be excluded when the Trans-Canada Highway is completed?

A. Yes.

BY MR. ROOT:

Q. If I understand your figures, that of

[illegible]

[illegible] which you will find, in comparable Ottawa, [illegible] or Mississippi, which has about one mile of [illegible] 0,000 miles of road, and so we are not over-serviced.

[illegible] Q.C.:

Q. So our city's system is not too shocking?

A. I would say it is adequate.

BY MR. ARMS:

A. That can be misleading, because geographically 70 percent of our population is about 20 percent of the area, and I would say that about 80 percent of our roads -- or say 70 percent of our roads -- were in my opinion worth of bribery, and a lot above average there.

A. I would say the northern part of Ottawa with the rural population, is over-serviced with thoroughways, while the southern portion is under-serviced.

Q. Are you an hour of a bus at Ingersoll?

A. The west last term Highway 401 is necessary now, [illegible] last [illegible].

BY MR. [illegible]:

Q. Such a [illegible] will be carried upon the Trans-Canada Highway is concerned?

A. Yes.

BY MR. [illegible]:

A. If a [illegible] from Ottawa, that is at

$2,850,000; that would bring our roads up to a standard in ten years, but would that increase what that means in revenue, on a percentage basis? Or have you figured that out?

A. It comes to around $200 million a year, which is not very much more than we are spending right now.

Q. It is $2,280,000,000?

A. The bottom table shows the amount to be spent by each jurisdiction.

MR. AULD: That would be increased by about $25 million a year.

BY MR. AULD:

Q. In considering any increase in assistance to the municipalities to help them catch up on their backlog, that would have to be increased by about $25 million a year?

A. This would include the county and township roads, and urban streets. It is based upon the present conditions.

BY MR. CHILD:

Q. What is the Hamilton by-pass?

A. I imagine Mr. Macnee can answer that better than I. It is east of Hamilton.

MR. MACNEE: It is sometimes referred to as

the "Freeman's expressway".

MR.CHILD: It is not really a by-pass?

MR. MACNEE: Not really. I suppose included in that is the "Freeman's expressway" which takes you to Hamilton on one side, and the re-location of Highway No. 2 on the west side, and there has been some talk of Hamilton connecting the two.

I think if you put it all together, it would be similar to the Toronto by-pass, although it is not really a by-pass.

BY THE CHAIRMAN:

Q. There are some points which require some clarification of the $2,280,000. Some percentage would have to be taken off, because it includes the provincial subsidy.

A. No, it does not. You see the table for county and township roads, as $570 million, broken down according to present percentages paid by the province to the municipality.

Q. Under the scheme you have set up, there would be $821 million required from the municipalities in the next ten years, and I believe, since 1938, down to date, -- which is a period of seventeen years -- they have spent $567 million, so that provides for quite an increase in expenditures by the municipalities.

I suppose they can meet that, because of the increased tax base, and the increased population.

MR. MACNEE: This is a lower average over ten years. Although it looks like $82½ million this year, we would probably not reach the $82 million point in five years.

It might conceivably be something like $60 million this year, and gradually increasing it up.

BY MR. ROOT:

Q. What is the total revenue from the gasoline and licenses?

MR. AULD: Last year it was $121,395,000. That is the estimate for 1955.

MR. MacDONALD: I was going to ask some questions on that. Last year, it was $121 million. I presume this year it will be $125 million, or $130 million.

MR. AULD: There will be an increase of about $10 million from registrations. Actually, the figure I quoted a moment ago of $25 million is incorrect, because that is not on the basis of figures we have been given.

I think we would need $25 million more for expenditures to get up to that standard, but the gap between revenue and expenditures would increase more

than that.

MR. MacDONALD: If our revenue last year was $121 million, it will go up, because there has been a regular increase, and we have a fair idea of what that increase is. We have increased the license fees.

I think these two factors will bring our revenue up to about $140 million. If the projected figure we must spend is $200 million, it leaves a gap of $60 million.

In the last few years, it has been possible to meet some of these gaps from the Highway Reserve Fund; in fact, that has been part of our highway financing.

The question is what will be available to narrow that gap of $60 million, and what more will be required?

THE CHAIRMAN: Surely, whatever the government chooses to take out of there, is in our favour, as long as we are dealing with total revenues and total expenditures.

MR. MacDONALD: What is available in the last few years would be available and would be a pay-as-you-go expenditure, if we are looking in terms of new revenue that is required.

THE CHAIRMAN: Those amounts which have been

put into it, and removed from the Fund, are all reflected in the figures we are using here.

MR. MacDONALD: I agree.

MR. AULD: The point still remains that the gap is getting larger each year -- progressively larger.

MR. MacDONALD: No one can deny that, except the calculation has now been brought before us, so we can consider the figures as working figures, that is, $200 million a year.

THE WITNESS: It is an average of $200 million a year. From an engineering point of view, too often the work, over a period of years, is not the most desirable thing.

Since you have such a large backlog, the most desirable thing is to get the backlog down as soon as possible.

They are coming up with new things in the programme each year, and they become larger and more expensive, and we must remember that the longer we put up with these deficiences, the more costly it is to the general public.

I was at a Highway Conference in Washington, and we had a very interesting paper presented by a representative of the Bureau of Public Roads, on

"Financing of Present Needs in the United States".

They have a situation there that is very similar, that is, a backlog. Their proposal was to spend as much as they can, and have a high expenditure, which falls off very quickly, so that the money is spread out over a long period. It seems to me that is the most economical way of doing it, and I think we should be thinking in terms of spending as much money as we can now.

MR. MacDONALD: I guess no matter what figure we set now, the province will grow so much in the interval, that the figure will never be lowered.

If we have a figure of $120 million now, and we have an income of $140 million ten years from now, and on the basis of the income over the last ten years, we will still have $200 million required to be spent.

Our gasoline tax has gone up that much in the last ten years, and we have reached the point where we are exceedingly worried.

However, that does not answer the problem of the municipal people. They are asking for more, because they feel that property cannot stand any more.

BY MR. YAREMKO, Q.C.:

Q. I think Mr. Wade, in his last statement, has touched upon the crux of the matter, and that is, to spend

so much money now, and have this thing level off in a few years, rather than to spend as much money as possible now, and pay it off in the future. Either the province will have to debenture it itself, or build toll roads to pay for the debentures, to a great extent.

A. That is right.

BY THE CHAIRMAN:

Q. Have you anything further, Mr. Wade, you would like to offer? I think you understand our problem from the questions we have asked you.

I am quite wrapped up in this project we are carrying out, and I feel the studies in which we are presently engaged should be the basis for determining the fiscal policy for toll roads, and that sort of thing.

MR. MacDONALD: I have just looked at this figure. Our revenue figure in the last ten years, for example, has gone up from $28 million to $121 million, so in ten years you have had an increase of a cool $100 million.

So, if we are projecting a figure for ten years, on a sort of an average increase, your suggestion is we should pay more and catch up on the backlog.

On the basis of our revenue going away beyond the average figure they have set, so it is unreasonable to talk in terms of a 60-million-dollar gap on an average,

(page 1299 follows)

when about halfway along that period, that gap will be eliminated.

MR. IRVINE: When you speak in terms of revenue, must you not also speak of expenditures?

MR. AULD: The expenditures have been going up more rapidly.

MR. MacDONALD: I am not denying our expenditures will not go up, but we have been given figures, with which we are trying to come to grips, that the expenditures will represent roughly this $200 million per year.

THE CHAIRMAN: Mr. MacDonald, I appreciate your point. I think it is a good one. I think several comments can be made on it.

One comment is that the $28 million spent, I think,up to 1945, -- in any event, before the last year of the war -- during which time gas rationing was still in force.

MR. MacDONALD: Take 1946; it is $33 million.

THE CHAIRMAN: There is no doubt it is increasing at quite a rate, but you must realize you also have an increase in the number of vehicle miles travelled.

MR. MANLEY: Take the years 1950 to 1955; that would be comparable.

MR. MacDONALD: You have a 66-2/3 percent. increase -- from $75 million to $121 million.

MR. MACNEE: It is estimated that by 1965, the traffic will be doubled, and all other conditions being equal, your gas tax revenue would, therefore, be doubled.

MR. MacDONALD: They will be doubled by 1965?

MR. MACNEE: The estimate is that it will be up 198 percent. so to all intents and purposes, your gas tax revenue should be doubled, and that will give an average of $180 million per year over the next ten years.

MR. ROOT: So you are still $20 million short.

MR. MACNEE: On an average.

MR. ROOT: You are not doing anything for the municipalities? You are not able to, on the present basis?

Would it not be fair to say that this backlog which was built, was built partly during the war period?

THE WITNESS: Very definitely.

MR. MacDONALD: That was likely through the depression.

MR. MACNEE: And also the unprecedented increase in traffic.

THE WITNESS: The most ideal years for service were 1937, 1938 and 1939, just before the war.

The backlog started to build up during that period.

BY MR. ROOT:

Q. Did not the province assume several thousand miles of road about that time -- about 1937?

A. I am afraid I do not know, sir.

MR. ROOT: It looks to me, from what was said, that to overtake the backlog, without increasing the subsidies, we will have to raise an average of $20 million more revenue per year from somewhere, and that is without increasing your assistance to the municipalities.

THE CHAIRMAN: Would you give us your reasoning in arriving at that?

MR. ROOT: Mr. Macnee just said that the increase in motor-vehicle registration, which is projected for 1965 -- that is, ten years from now -- will amount to about 198 percent.

THE WITNESS: That would be vehicle miles.

MR. MacDONALD: That would be doubling your gasoline revenue.

MR. ROOT: Do you think the registrations will be doubled, too?

THE WITNESS: I am not sure of that, either. You will find the registration table at the back, Table No. 2, increases from 1954 to 1965, from $1,500,000. to

$2,700,000, which is not quite as great an increase as the travel.

BY MR. MacDONALD:

Q. Almost double again, though?

A. Yes.

BY MR. ROOT:

Q. Your revenue from registrations and gasoline tax will not be quite doubled by 1965?

A. It will be doubled for gasoline tax, but not quite doubled for registrations.

MR. MacDONALD: It will become somewhere between $250 million and $275 million.

MR. ROOT: How do you make that out?

MR. MacDONALD: It is now $140 million. This year is $121 million, plus the increase in licenses, plus the average jump each year, and that would make it about $140 million by next year.

BY MR. YAREMKO, Q.C.:

Q. It is interesting to examine these figures of the present backlog, and to try and apply a toll factor to them.

If you take the King's Highways, with $320 million -- just to take a rough estimate -- and say that one-half of that might be toll roads, although that may be away off, that is $160 million.

A. I was going to interject that is a misleading term "King's Highways". That does not include certain four-lane, divided highways, such as listed below.

That is just the two-lane King's Highways, in the main.

Q. Where are the others?

A. Highway No. 401.

Q. Take one-half of this King's Highways --

THE CHAIRMAN: Do you think you are justified in taking that?

MR. YAREMKO, Q.C.: That is the two-lane?

THE CHAIRMAN: Yes.

MR. YAREMKO, Q.C.: Then I will not count them in. We cannot count in the secondary roads.

Let us consider Highway No. 401. That is $201 million, and the Queen Elizabeth Way, $50 million -- is that on the present Queen Elizabeth Way?

THE WITNESS: It is just an estimate of what will be needed.

BY MR. YAREMKO, Q.C.:

Q. It seems to me with this $50 million, we could come pretty close to getting a new road.

BY MR. CHILD:

Q. Where is that $50 million applied?

A. From Hamilton to Fort Erie.

Q. Will there be service roads on each side?

A. That includes other structures, such as service roads.

BY MR. YAREMKO, Q.C.:

Q. We will take that $50 million; that is $260 million, and the Burlington Bridge will cost $20 million, that is $280 million. It seems to me it could be conceivably part of a toll-road system.

BY MR. AULD:

Q. What about the parts now under construction, but not completed? I mean, where there are sizeable expenditures, such as portions of Highway No. 401, which are being graded at the moment, with one lane paved, but not the other.

BY MR. YAREMKO, Q.C.:

Q. If we could get figures on that, I think it would be helpful.

A. As I said, the $210 million for 401, is just for the work which has been programmed, but I question there will be at least $200 million for work on Highway 401 which is not programmed, but which might logically be included in the backlog. That might be considered?

BY THE CHAIRMAN:

Q. Would it be included in the $361 million?

A. Yes, it would.

Q. Do you mean to say that for all new construction, replacement and maintenance; if you took out 401, there would only be $160 million for the next ten years?

A. It does not seem to add up.

Q. It does not to me, either.

A. No.

MR. MACNEE: Except a great deal of the new construction we think of would be included in the backlog.

THE CHAIRMAN: It would be included in the $320 million in King's Highways.

MR. MACNEE: It would be included in what is loosely called the "present backlog".

THE WITNESS: It would include reconstruction of the highways which are reasonably tolerable, and you could estimate that 40 percent. or 50 percent. are intolerable, so it would be reconstruction of the remaining portion.

MR. AULD: That would not take into consideration the province taking a more active interest in the county and township roads?

THE WITNESS: No.

BY MR. AULD:

Q. Then, on the present set-up, all of the roads might be needed to carry additional traffic between various

points?

A. Yes. But I might emphasize that the only figure which might be valid would be the total figure. The others have been juggled for certain things.

BY MR. YAREMKO, Q.C.:

Q. This figure of $2,850,000 is a figure which includes much more than a system of toll roads. If we took the roads in certain areas and made toll roads out of them, or took them over as toll roads, and continued to finish them as toll roads, we would not be making such a terrific dent in that $2,850,000.

THE CHAIRMAN: No, these figures would indicate that toll roads, if established, would provide relief, but not relief to any large degree.

MR. YAREMKO, Q.C.: To my way of thinking, it seems they have to ask for relief.

MR. AULD: What would be the cost of construction of Highway No. 400 at the present time -- that is about the only one. What cost would be involved there? $40 million?

THE WITNESS: It is around $600,000 per mile.

BY MR. AULD:

Q. Is it 60 miles?

A. The existing length?

Q. Yes.

A. It would be around 66 miles, yes.

MR. MACNEE: It is around 60. It would be --

MR. AULD: About 36 miles more?

MR. MACNEE: Yes. There is one thing on this present backlog. I think that means -- if it was possible, although I realize it is not -- that if we have $1,280,000,000, and could build into the highway system exactly as it was required tomorrow morning, our highways would be such that they could handle today's traffic.

But during the next ten years, the traffic will increase, and will make certain sections of the road obsolete, so in the next ten years we will require another $2,180,000,000, so, in another ten years, the highway system will be unable to handle all the traffic the highways will be called upon to handle at that time.

MR. MacDONALD: If, for example, that is true, why should it not be used in new highway construction?

MR. MACNEE: Theoretically, assuming we have everything up to standard roads now, for handling the traffic; during the next ten years, new construction will come up which we will have to build. We do not actually need it today, but tomorrow we may start needing it, and during the next ten years, further construction will become necessary.

THE WITNESS: We will need, in the next ten or twenty years, many more express highways than No. 401.

MR. MacDONALD: Let me get that clear. Your figure does not include the backlog which will accumulate in the next ten years?

MR. MACNEE: No. The $1,750,000 is the total expenditure on rural roads today, and at the end of the next ten-year period, if we were to do nothing in the next ten years, they would still need the $1,100,000 to catch up with our accumulated traffic, during those ten years.

THE WITNESS: It just refers to the new type of construction. Replacement means the re-building of highways on existing locations.

BY MR. AULD:

Q. Widening them, welding them, and so on?

A. Yes. It could refer to the immediate location of the existing highways.

MR. CHILD: Are figures available of what the revenue would be if Highways 400 and 401 were tolled at the present time?

THE CHAIRMAN: No, there are no such figures.

MR. MANLEY: That would depend on the rate of toll.

MR. AULD: And the number of people who decided

to use them.

MR. MacDONALD: Even if we are coming up with certain figures, you should subtract from it the added cost of building the road, because they will have a higher standard.

THE CHAIRMAN: I do not think we can arrive at anything along that line. It would constitute a very complicated figure.

MR. ROOT: It seems to me, if we take that chart,with our present rate of taxation, it will be at least ten years before we can catch up with our backlog.

MR. AULD: We will have a new backlog by that time.

MR. ROOT: You have not solved the problem of the municipal people, who are not satisfied with what they are getting now.

It seems, if we are going on at the present time, we will have this large backlog all the time. The large percentage of our roads are tolerable, and we will have provincial highways which are not tolerable, and you will have county roads, township roads, and urban streets.

MR. REAUME: It would appear if we built these toll roads, like 400 or 401, it would relieve the province of some financial responsibility as to the

grants they might make to various places, because of this opportunity of catching up the backlog.

There is one other thing about which I was wondering if you have given any thought to, and that is this; the figures show there are many more people from Canada touring the United States than there are people from the United States coming over here. The people who go over there pay the gasoline tax, and pay tolls, yet the American people only pay the gasoline tax and do not pay any tolls.

It is estimated, by the Good Roads Association, that over 1,500,000 cars come into Canada every year. The collector at the bridge said there are 5 million cars which enter at the port of Windsor alone. Of course, I think that is the most important port, but there are other ports, too.

MR. CHILD: Where is that?

MR. REAUME: It is on the other side of Hamilton.

MR. CHILD: I like to keep my geography straight.

MR. REAUME: They are too mercenary about it -- without saying anything against the people on the other side of the line -- but if they are coming over here and helping to wear out our roads, they should help to

pay for them.

MR. ROOT: Could we not induce more traffic if we got rid of some of these intolerable highways, secondary roads, but we cannot get rid of them in the next ten years without some additional sources of revenue.

THE CHAIRMAN: Does it not appear obvious, regardless of what solution we may decide upon, we must agree on the question that our present basis of taxation will not produce the revenue required for our roads?

MR. AULD: We are going further behind each year.

THE CHAIRMAN: I think that is pretty close to the point, from the information we have here.

MR. REAUME: There are other fields we have not explored.

THE CHAIRMAN: Let us crawl before we walk. If we can decide where we are going, and where we will start from --

MR. MacDONALD: As a balancing factor, I must confess I find these figures mystifying. I understood the requirements for the next few years included the backlog.

I can see how John Root figures this figure does not incorporate the question of municipal increases

which should be there, but the fact of the matter is that ten years from now our revenues will be between $250 million and $275 million.

MR. COLLINS (Secretary): These figures show the total vehicle miles today, but ten years from now, it will show a tremendous jump from 12 million miles to 25 million miles.

MR. MacDONALD: It is doubled again there.

MR. COLLINS (Secretary): Yes, because your number of vehicles will increase, and the travel miles will increase. Surely, from some of the American information we have, these predictions always seem to be on the conservative side.

THE CHAIRMAN: I will agree our revenues will increase, and we can go to past figures given by the Treasurer, and there is no guess work there. It is straight dollars and cents.

It shows a gradual dropping behind.

MR. CHILD: There is one thing here (indicating) "Miles per Gallon"; is that the average number of miles a car will get?

MR. MACNEE: The Motor Vehicle Branch worked that figure out, I believe, although I cannot actually vouch for it.

I understand they took every registration of

all the different types of vehicles, and rated the performance of these types of vehicles, and then averaged it out. It is stated to be a fairly accurate average, and it has been stated to have been worked out through the various States, and it is a very, very close figure. It has been very carefully checked.

MR. CHILD: Are the vehicles less efficient today than they were in 1931?

MR. COLLINS (Secretary): No, you are getting heavier vehicles.

MR. MACNEE: Trucks are included in that.

MR. ROOT: Your car, in 1931, was a four-cylinder Ford, and you only got about 35 or 40 miles per hour. They did not drive so fast.

MR. AULD: And they only weighed about 3,000 pounds as opposed to 4,000 or 4,500 today.

MR. MACNEE: You must remember that vehicles do a great deal of idling in the downtown areas, at intersections, and so on.

MR. AULD: And the Burlington Bridge.

MR. ROOT: If I have to pull out of Toronto for the next ten years, and wait for the traffic jam as I now do, I would like to see something done about it.

If we can do it with our present method of financing -- well, I do not know.

MR. AULD: If you had to live on King Street in Brockville, and listen to the trucks going booming through there all night long, you would know what is meant.

THE CHAIRMAN: Before we get into a general discussion, is there anything further you would like to ask Mr. Wade or Mr. Macnee?

MR. MacDONALD: There is one question I put to Mr. Macnee personally, and I would like it on the record. We heard the figure given the other day -- I forget by whom -- but in California, 52 percent. of the cost of highways is derived from what they put on to the highways of the county, to carry 4 percent..of the traffic, namely, the big, giant trucks.

Are roughly the same kind of figures available in Ontario? I cannot see why it would be seriously different.

MR. MACNEE: I think we would be in very much the same position, for instance, great expenditures, if we were only designing these for passenger vehicles, where we could use narrower curves, and shorter curvature , but because we have to allow for the large trucks, we have to fan out the loops, and make the pavements wider.

If my memory serves me correctly, we have had to widen a pavement as much as four feet beyond what

would be necessary for passenger cars, to allow for the large trucks.

There is one thing which might distort that a bit. We do not allow quite as large trucks to operate here, as they do in California.

MR. MacDONALD: What size are they in California? Most of the increased cost would be on the basis of the road you must put in -- that is, the bases of the road, and I am sure everybody must agree on that point.

MR. REAUME: Because of the weight?

MR. MacDONALD: Yes.

MR. MACNEE: We have to figure that substantially, and I cannot see why it should not hold true.

MR. AULD: Is there anything coming from the tests they have been making in, I think, Indiana. I think possibly they have increased requirements for increased weights.

THE WITNESS: Yes. The test was just completed. It was in Idaho.

I do not know how definitive it was. It was a bituminous highway for heavy trucks, and it was substantially made. It had one and one-half feet of granular base, and four inches of pavement, and it will stand up for any length of time.

To point out what percentage the heavy vehicles

should pay, is a very, very controversial subject in the United States, and a great many studies are being carried out on it.

MR. AULD: But there is nothing authoritative as yet?

THE WITNESS: No.

MR. MACNEE: Our knowledge is slight as to how strong we should make the pavement, but to be on the safe side, they have extended the base, and I believe that these tests will mean we can cut down certain factors of safety, because we will be in a better position to know how much to put in.

We will have to cut down some requirements, but I personally feel it will level out.

MR. ROOT: Is the extra granular base for carrying loads, or to give drainage?

THE WITNESS: It depends on what type it is.

If it is a thicker granular sub-base, you have to develop the heavy loads.

MR. MANLEY: Getting back to the question of revenues during the next ten years; were they calculated on the present rate of the gasoline tax and license fees before the increase which came into effect on the first of January of this year?

THE CHAIRMAN: The only estimate of future

revenues is the one we worked out ourselves from figures we have. We have no official estimate.

MR. MANLEY: These figures at which we have been looking; are they based on last year's license fees, in estimating the revenue?

THE CHAIRMAN: We have no figures in front of us.

MR. MacDONALD: Our time lag has been a straight projection, because the licenses will be doubled.

MR. MANLEY: The increase in licenses will determine the effect of the increase in the amount of revenue during the next ten years?

MR. AULD: These figures have all been the expenditures.

MR. MacDONALD: The answer to Mr. Manley's question is, if we take a look at how the increases will go up, and are doubled, we will just double the $140 million, rather than double the $125 million.

MR. MANLEY: There is a difference in the license fees this year, from last year.

MR. MacDONALD: That means you will have to double the $140 million, instead of the $125 million.

MR. AULD: Roughly $10 million increase in license fees, and the increase should be based on past

increases, possibly $4 million or $5 million of gasoline tax.

MR. MANLEY: We will base our calculations simply on the trend of the last few years, and base our future calculations on those trends.

Something could happen in the next few years which would change that picture entirely. We have enjoyed quite an amount of prosperity, which may not continue.

MR. REAUME: The only thing about it is when you read some speeches, which I believe were made by Mr. Sale, of the Ford Motor Company to the workers in Oshawa, you will see that their forecast as to the number of cars we will have on the roads in the province by 1965 is simply tremendous.

I do not know whose advice we will have to take. We should take advice from people who know about that sort of thing.

MR. MacDONALD: There is no discrepancy between those figures and the ones we have here.

MR. MACNEE: If we drop the revenue, our needs will drop accordingly. If something happens to keep the cars off the roads, we will not require so much.

MR. REAUME: Anything might happen, -- the world might come to an end -- and the people in this province

are spending hundreds of millions of dollars on expansion, and they are not spending that just for fun.

MR. MANLEY: If you look at the Table, you will find there are more cars per population, than there were ten years ago.

MR. REAUME: There has to be.

MR. MANLEY: I do not think the same increase will take place over the next ten years, because we are getting to the point where many cars sold will be replacements.

MR. AULD: I think we will be getting to a point where we will get more than one-point-something per person. I think that is taken into consideration in the registration figures, by ownership and population.

We are now down to one for three.

THE WITNESS: Yes, one for three.

MR. AULD: As compared with 1914, when there was one car for every 111 people.

MR. MANLEY: I cannot see that trend continuing, even with the same trend in our economy.

MR. YAREMKO, Q.C.: It will not continue. These charts show it is levelling off now.

THE WITNESS: That is true. It is a very moot question as to what the levels might be.

I think the Committee selected it as being 1.2

persons per vehicle by 1975.

In California and on the West Coast, it would run to a much lower figure, whereas in New York they would select the higher figure -- three or four.

That is due to conditions in the cities. There are many more vehicles in the cities than upon the Coast, where they are better distributed than they are in a city, like New York.

MR. ROOT: How does it work out in rural areas?

THE WITNESS: They usually have less persons per vehicle, but more vehicles than in the urban areas. The difference is not too much.

BY MR. AULD:

Q. There is very little public transportation?

A. Yes.

BY MR. MacDONALD:

Q. Mr. Wade, since we are dealing with speculation in trying to get our thinking in the right perspective, in regard to John Root's question, what kind of an increase in grants to municipalities is required to put them on a more equitable basis?

We have had the gap narrowed a few moments ago. If I might go back and elaborate on it, the average expenditure was $200 million, and the average revenue was

$180 million, so the gap is $20 million, but you are ignoring the fact that the municipalities are screaming to high Heaven because they have not enough.

I wish somebody would give me an educated guess as to how that will be increased. Increased to what? Another $20 million? Another $25 million?

MR. CHILD: Will not the subdivisions have a bearing in the next ten years?

MR. AULD: I think they will be more official than fantastic, because of these expressways.

THE CHAIRMAN: Mulling over Mr. MacDonald's question, there are very few difficulties, but it is noticed that when the Metropolitan area has come to a point where the government is speaking for one large area, what would the expenditures be?

MR. MacDONALD: $33 million.

THE CHAIRMAN: And they are asking the government for one-half?

MR. MacDONALD: Yes.

THE CHAIRMAN: That is an indication of the type of demands which will be made to the provincial government. Whether the government can meet them or not, we do not know.

MR. MacDONALD: I think we can take it from the figures, as to what increase is necessary to meet

this.

THE CHAIRMAN: I do not know. Hamilton came forth with its brief, and they gave us certain information.

I would like to thank Mr. Wade and Mr. Macnee for appearing before us, and giving us the information they have.

THE WITNESS: Thank you, Mr. Chairman. It was a great privilege.

May I say, in regard to Hamilton, that they have increased their tax facilities, and so on.

MR. MacDONALD: Take the increase of $25 million, which means a deficiency over the next ten years of about $180 million to $200 million. They are figuring on about 40 percent.

These figures convinced me more and more that toll roads are not necessarily the answer, because you have that deficiency, and if you bring in toll roads, you have that much more cost of the roads, as they are more expensive to build, and more expensive to operate, and, I may also say, more expensive to maintain.

You widen the problem there.

--Further discussion on this subject, not reported, by direction of the Chairman.

THE CHAIRMAN: If we have no more questions, we will excuse Mr. Wade and Mr. Macnee now.

If it should appear later on there is further information we would like to get, we can, I am sure, avail ourselves of Mr. Wade's services at any time.

We thank you very sincerely for coming here this afternoon. You may be hearing from us later.

THE WITNESS: We thank you for the opportunity of being here. It has been a pleasure.

---The witness retired.

---Whereupon Messrs. Wade and Macnee retired.

THE CHAIRMAN: There is one thing, if the members of the Committee want to discuss it now, it can be put into the record, but I think, as far as I am concerned, we have about all the information we are going to get.

That is the question of the Weight-Mile and Ton-Mile tax.

Mr. Collins has prepared a brief on the information we received from the State of Oregon, and I suggest it be distributed at this time.

MR. COLLINS (Secretary): This is as brief as I could make it.

I endeavoured to get the germ of their idea

and their approach to the weight-mile tax. I have read it, and from the information they have given us, it would seem they were very much in favour of the weight-mile tax, and I have worded the brief, as if the State of Oregon was outlining a summary of their system, and at the end I have made a few comments of what I think may be some of the disadvantages of the system.

This is not an exhaustive analysis of the situation, but it will give the Committee some knowledge of how they approach this problem. What I have written is as follows:

(page 1325 follows)

The following is a summary of the Weight Mile Tax Method compiled from information forwarded by the State of Oregon. This material contains arguments all designed to support the Weight Mile Tax Method.

OBJECTS OF THE TAX

Oregon is careful to point out that Weight Mile Tax differs from the Ton Mile Tax. They explain that the Ton Mile Method was in effect in their State from 1926 to 1947 and was a forerunner of their current system. The Ton Mile Tax is based on an arbitrary rate and achieved by multiplying the weight of the vehicle and the mileage travelled to obtain the tax payment. It assumes that the number of ton miles is directly related to the cost responsibility of the road user.

The Weight Mile Tax avoids a flate rate. Instead, it has a schedule of rates which varies with the increased weight of the vehicles and, as they claim, is based on the relative cost responsibility of the various classes of vehicles. These rates are the result of special studies. They recognize the fact in their rate structure that operators average little more than 50% of the maximum load for which they are declared. (Often travel empty one way or do not have maximum load.)

The Illinois Tax Commission in its decision in the Cox
matter had been influenced by the
laws of Oregon. This matter is considerably
will therefore be supported the height of the Cox matter.

Oregon is careful to point out that in its
Tax decision from the Cox matter. They emphasize that
the Cox decision was in effect at the time
from 1922 to 1927 and was a consequence of their
current system. The Cox decision was based on
substantial grounds and achieved by multiplying the
weight of the vehicle and the mileage travelled to
obtain the tax payment. It assumes that the number
of ton miles is directly related to the cost in-

The right to tax exists in Ohio state.
seed, it has a schedule of taxes which varies in
the increased weight of the vehicle and, as they
claim, is based on the relative cost responsibility
of the various classes of vehicles. These rates
are the result of special studies. They recognize
the fact of the state's experience that operations
average if use more than 50% of the maximum load
for which they are designed. (Ohio taxes only
one way on a use more minimum load.)

The cost of highways is controlled by three factors:

1. Extent of facilities.
2. Design or type of facility.
3. Structural features required.

Number one is determined by traffic mileage and use.

Number two by the size, speed and power limitations of vehicles.

Number three is determined by weight and the frequency of use.

They claim that each operator by his use of the highway creates a cost demand directly measured by the size and weight of the vehicle operated and the number of miles travelled.

Since the majority of road users are automobiles, a suitable tax plan should determine their proper share of cost fees. Then each succeeding weight class should pay for the increments of added cost they cause or require in highway construction. This is the increment method, which has as its principle that any special cost incurred for the benefit of a special group should be borne by that group.

A perfect tax would be scaled to recover the increment cost from each class of road user, with minimum administration and inconvenience in collection.

Disadvantages of the Fuel Tax

Gasoline tax was pioneered in Oregon in 1919. It is a fair tax for all vehicles in the same general size and weight class, consuming the same type of fuel and operating with the same general degree of efficiency which covers automobiles and other like vehicles. In the case of heavy motor transport, the fuel tax is completely unsuitable for the following reasons:

1. Diesel fuel much more efficient.

2. Combinations of truck and trailer or semi-trailer means no fuel tax on the towed vehicle. The fuel consumed by the addition of the trailer is not increased in proportion to the weight towed. The increased length of such vehicles causes an additional cost factor in highways, particularly in design for adequate passing distance, safe distance, etc.

3. Heavy transport vehicles may purchase their fuel in another State.

4. The advent of new fuels, such as butane, propane, etc., introduces new variables.

Oregon has decided that the only way to avoid these disadvantages is to charge each vehicle a mileage rate determined for its particular class. The fuel tax is eliminated on all fuels consumed by such vehicles, except gasoline. Gasoline users have a special and lower scale of charges.

A registration fee as a major source of revenue is simple, but it does not take into consideration the wide variation in mileage travelled by different operators. If high enough to retain required revenue, the fee will be prohibitive to a small, low mileage transport operator.

The aim of every tax plan is to return the required revenue, to construct, maintain and administer the highway plan.

Advantages Claimed

1. Tax is related to the costof providing facilities for each class of vehicle.

2. Easily adjusted to return required revenue.

3. Fair because it is paid in direct proportion to use.

4. Administered with reasonable efficiency. (Cost of collection approximately 4½% gross revenue.)

Cash Receipts

1952 - $ 7,885,439

1953 - 10,272,606

1954 - 10,994,252

1954 cost of administration 4.05% of revenue - $445,000.00. Loss from evasions, 4.4%, less 4.1% recovered by special field audit. (The State claims that the great majority of the carriers can and do comply in every respect with the record reportings.)

Disadvantages - From the reading of the information

provided, the great disadvantage of this whole tax system would appear to be the problem of administration, particularly in regard to evasion. Some transport operators, unless carefully checked, would not report all their trips. This would be a difficult problem in a Province like Ontario, with a large land area and a number of small marginal operators. The major companies could not afford evasion and would probably complain bitterly about small, fly-by-night competitors.

Another great disadvantage is that transport operators would be required to keep elaborate records of trips. To counteract this complaint, Oregon does permit carriers to pay a flat monthly fee based on the equivalent of 1,700 miles of operation per vehicle.

The following are exempt:

1. Farm vehicles used to transport farm products and property only.
2. Operations on private property.
3. School vehicles.
4. Government mail vehicles and government vehicles.
5. Vehicles used for personal transportation not in connection with a commercial enterprise.
6. Provate carrier vehicles under 4,500 pounds gross weight.

7. Implements of husbandry.

There are other partial exemptions, such as city buses and taxicabs, tow cars and fire-fighting vehicles."

MR. MacDONALD: Can you tell me what "truck population" -- I cannot think of another word for it at the moment -- is, in the State of Oregon, as compared with here?

MR. COLLINS (Secretary): I have not that information.

MR. YAREMKO, Q.C.: It will cut out the interstate truckers.

MR. COLLINS (Secretary): Yes, it will. The evasions mostly come from out of state truckers, who do not appear in the state again, and they use a system of police checking all over the state, hundreds and hundreds of them. They check them, and then check up to see if it is reported later on.

MR. AULD: In regard to the "Cash Receipts"; is that the total revenue from motor vehicles?

MR. COLLINS (Secretary): No, that is the ton-mile tax. They have a gasoline tax in addition to that.

MR. AULD: I might get an idea of the number of trucks from these figures.

MR. CHILD: There might be only one million or

two million people, because they would pick up a portion of the tax.

We have the gasoline tax, and the registration tax in our system, and the P.C.V. licenses. They do not use any of that, and all this could come up to about $10 million.

MR. COLLINS (Secretary): That is just a wild guess, because they may use other forms of taxation, too.

MR. MacDONALD: I have no illusions that this is not a tough proposition, but it seems to me a very equitable basis, because it is almost unanswerable.

For instance, 52 percent. of the cost of our roads are occasioned by 4 percent. of the operators.

MR. AULD: In California, their axle limit is 18,000 pounds.

MR. REAUME: If a road is built properly, and it is determined how many pounds it will carry, that is alright. A vehicle which weighs 8,000 pounds, under certain conditions, can do more harm than a vehicle which weighs 4,000 pounds. I think that is self-evident.

MR. MacDONALD: Yes.

MR.REAUME: If the highway is constructed properly --

MR. MacDONALD: Your definition of "proper construction" means you have to put twice as much base in

[illegible] people, because they would pick up a portion of the tax.

We have the gasoline tax, and the registration in our system, and the I.C.C. [illegible]. They do not use any of that, and all this could come up to about $10 million.

Mr. [illegible] (Secretary): That is just a wild guess, because they use other forms of taxation, too.

Mr. MacDONALD: I have no illusions that this is not a tough proposition, and it seems to me a very controversial [illegible], because it is almost unanswerable. For instance, 50 percent. of the cost of our roads are occasioned by 5 percent. of the operators.

Mr. AULD: In California, their axle limit is [illegible]

Mr. [illegible]: If a road is built properly, and it is determined how many pounds it will carry, then it [illegible]

A vehicle which carries 5,000 pounds, under certain conditions, can do more harm than a vehicle which weighs 15,000 pounds. [illegible] is self evident.

Mr. [illegible]

[illegible]: If the highway is [illegible] [illegible]ally —

Mr. [illegible]

contribution" [illegible] have [illegible] much [illegible] in

a road.

MR. COLLINS (Secretary): Evidently some of their studies have shown that the fatigue in the materials, caused by added weights and multiple users, is not a geometric proportion to the weight.

THE CHAIRMAN: Mr. Wade answered that question. There is merit in it. It would require a re-vamping of our entire system of taxation in the province.

MR. MacDONALD: Why so?

THE CHAIRMAN: Because you would have to adjust your gasoline tax and your registration fees.

To put it into effect in Ontario, you would say, "Alright, everything we have done in the last 30 years we have to scrap, and do it all over".

This form of taxation starts with the automobiles, and is graded up from that.

MR. AULD: Their automobiles are taxed as they are in Florida and some other states, based on the weight of the vehicle.

THE CHAIRMAN: On page 1, it says:

> "Since the majority of road users are automobiles, a suitable tax plan should determine their proper share of cost fees. Then each succeeding weight class should pay for the increments of added cost they cause, or require in highway construction.

"This is the increment method, which has as its principle, that any special cost incurred for the benefit of a special group should be borne by that group."

MR. COLLINS (Secretary): What they mean is, that the gasoline tax adopted in the state means you can use that tax for a majority of the users, such as automobiles,but trucks are not paying their fair share.

THE CHAIRMAN: To adopt it in Ontario, would mean scrapping our present system of registration.

MR. MacDONALD: I cannot see that. Why, Mr. Chairman?

THE CHAIRMAN: You would have to set a tax plan for automobiles. That is the basis where you start, and then increase the tax, for the increase in weights.

MR. MacDONALD: Suppose you accepted our revised schedule for automobiles; that cuts out the problem.

THE CHAIRMAN: If we did that, as you suggest, we would have to have a scientific base for an automobile, because they must pay their proportion of costs. You just cannot take the figure we have been using for thirty years, and say, "This is it, boys; we will work from here".

MR. MacDONALD: We are getting a tax on

automobiles, but not an equitable share of the cost of the roads. This tax does that.

MR. COLLINS (Secretary): That is subject to a great deal of discussion at the present time.

---Further discussion on weight tax, and so forth, not reported by direction of the Chairman.

THE CHAIRMAN: We also have two statements here, which were referred to by Mr. Wade, and which I think might be incorporated into our record.

The first is entitled "Highways Needs over the Next Ten Years", and is as follows:

(page 1335 follows)

HIGHWAY NEEDS OVER NEXT 10 YEARS

	Present Backlog ($ million)	New Construction Replacement & Maintenance Required over next 10 yrs. ($ million)	TOTAL ($ million)
1. Provincial Highways	920	360	1280
2. County & Township Rds.	230	340	570
3. Urban Streets	600	400	1000
	1750	1100	2850

Provincial Highways - Present Backlog

	($ million)
King's Highways	320
Secondary Roads	80
Highway # 401	210
Improvement of Queen Elizabeth Way	50
Burlington Bridge	20
Trans-Canada Highway	60
Hamilton By-Pass	30
Bridge Replacement (720 structures)	150
	920

Provincial Highways - Requirements for Next 10 Years

	($ million)
New Construction replacement & maintenance	140
Trans-Canada Highway	60
Development Roads	25
Head Office Accounts	135
	360

Division of Total Expenditure Among the Different Levels of Government (10 year needs)

	Cost of Ontario ($ million)	Municipalities ($ million)	Cost of Canada ($million)	Total ($millio
1. Provincial Highways	1220		60	1280
2. County & Township Rd.	319	251		570
3. Urban Streets	430	570		1000
Total	1969	821	60	2850

The above estimates were made as follows:

Highway administratives experienced in determining engineering and fiscal needs of Highway systems have found that if an estimate is made of future traffic demand and (a Needs factor expressed in cents per mile) is applied to the estimated traffic a value for total monetary needs of a system of roads and streets can be obtained which will correspond approximately to the needs determined from an engineering analysis of the system. For Ontario a report 'Prediction of Traffic in Ontario' was used to estimate future traffic demand. The values used were as follows:

Year	Total Vehicle Miles of Travel Millions		
1955	13,000	Approximate Values	(Note: This data applies to all motor vehicle travel through out Ontario.)
1965	25,000		

Average annual travel during next ten years = 13 / 25 + 2 = 19 billion vehicle miles.

Referring to a Congretional Report on the overall Highway Needs of the U.S. prepared in 1955, a needs factor of 1.5 cents per vehicle mile was selected. Applying this to our predicted traffic volumes, we obtained:

Ten Year Needs - 0.15 x 19,000,000,000 = 285,000,000 per year <u>or</u> a total of $2,850,000,000.

Referring to the above mentioned report, the average prediction of needs between:

State Highway, Other rural Roads and City Streets was found to be:

State Highways	45%
Other Rural Roads	20%
City Streets	35%

The total needs figure of $2,850,000,000 was distributed accordingly. The prediction of needs in the different systems between backlog and future needs was made following the advice of an experienced Highway Needs analysist from the Automotive Safety Foundation of Washington, D.C.

An estimate of existing backlog on King's Highways was made by Department engineers. The value obtained - $920,000,000, and it corresponded closely to the previous estimate of $900,000,000.

As can be seen these figures are a rough estimate and precision should not be expected. In only the one case Provincial Highways were total needs derived from estimates of needs on specific parts of the system.

An engineering analysis, presently under way, will derive more precise requirements for the King's Highway system within a year's time and for other roads and streets at a later date."

THE CHAIRMAN: We also have a statement -- which was also referred to by Mr. Wade -- entitled "Rural Undivided King's Highways, Considered Intolerable at the End of 1955".

I think that, too, can be incorporated in our records, and it is as follows:

(page 1339 follows)

"

Statistics & Economics Section
Planning Division
January 25th, 1956.

Rural Undivided Kings Highways

Considered Intolerable at End of 1955

Deficiency	Approximate Mileage
Surfacing Condition	2780
Traffic Congestion	700
Narrow Surfacing	25
Flooding (about 50 short sections)	15
Inadequate Surface Type	400
TOTAL (because of overlapping deficiencies)	3500

The above are estimated totals selected from approximately 7970 miles of rural Undivided Kings Highways or a deficient mileage of 44%.

The above data does not include Connecting Link sections approximately 165 miles and Divided Highway sections approximately 260 miles. "

THE CHAIRMAN: If there is no further business for today, we will adjourn, and will reconvene a little later on, to consider the preparation of our report.

---Whereupon, at 4:00 o'clock p.m., the further proceedings of this Committee adjourned sine die.

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ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XV

Monday, May 14th, 1956,

Toronto, Ontario.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

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I N D E X

FIFTEENTH DAY, MAY 14TH, 1956.

- - - - -

F I F T E E N T H D A Y

Toronto, Ontario,
Monday, May 14th, 1956,
10:00 o'clock, a.m.

- - - - -

The further proceedings of this Committee reconvened pursuant to the call of the Chairman.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

PRESENT:

Messrs. Auld,

Mackenzie,

Sandercock,

Child,

MacDonald,

Root,

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Macnee, Traffic Engineer, Ontario Department of Highways.

Mr. R. C. Cooke, Department of Economics.

- - - - -

THE CHAIRMAN: Gentlemen, the meeting will

please come to order. I think we have a quorum and we can get under way.

I may say that Mr. Cooke is connected with the Department of Economics, and has devoted a great deal of time to the weight-mile tax, and perhaps during our peregrinations, he may be able to be of considerable assistance to us.

The main purpose of today's meeting is in connection with the weight-mile tax. We have these people coming from New York tomorrow to give us some information on their weight-mile tax, and we managed to get hold of the 1955 report of the New York State Joint Legislative Committee on Carrier Taxation, which contains a great deal of information about the weight-mile tax. We had a goodly portion of it mimeographed, and I think you all received a copy.

There are a few organizational details we might clear out of the way, and then we will have a clear field to go into this matter thoroughly.

I want to go over the information in this report, and I hope you will all make such notes as you wish, in order that we can get full value from the people who will be here tomorrow, because they are administering this, and doing the job, and we want to find out how it works, what is wrong with it, if anything,

its virtues, and so forth.

We are going to Ohio on the night of the 22nd of May, and there will be a gentleman here from the University Tours a little later on, so we can arrange our transportation in any way which will be most convenient for each one of us personally, because I think some will want to fly from Ottawa, I know I want to fly from London, and perhaps a number will leave from Toronto.

We will be in Ohio on the 23rd and 24th, and we will attempt to fly out of there on the night of the 24th or the morning of the 25th.

MR. MacDONALD: What day will it be?

THE CHAIRMAN: It will be a tough week, because a week from today is a holiday, the 22nd is Tuesday, and so on. We will find that week, I think, will be pretty well chewed up.

We will have to "get cracking", because all of the people who want to make representations to us, want to do so in the fall, so I would like to get as much traveling done before July as possible, so we will have the fall clear, to just sit here and listen.

In Ohio, we will see the Department of Highways and we have asked them to give us information on their axle-mile tax, and also on the problem as to how they

have integrated their toll roads into the highway system. That will be on the 23rd.

On the 24th, we will go into their toll roads there.

MR. COLLINS (Secretary): It is the reverse, Mr. Chairman.

THE CHAIRMAN: Well, it is the 23rd and 24th, anyway.

The next matter is that I would like to plan now about a trip. In view of the fact that we have at least a semi-official announcement that there will be no June session, I feel we are free to make some plans for next month, and what I would like to do is to go to Port Arthur and from there to Fort Frances, and have a look at this proposed causeway over Rainy Lake.

MR. MacDONALD: Can we actually get onto it?

THE CHAIRMAN: Quite frankly, I do not know. But I do want to give the people up there an opportunity to appear before us, and argue pro or con. I would like to do that in June, and I think perhaps it should be settled today, because six weeks is not too long to give them notice, so they will be in a position to make what representations they wish. So if you will get out your calendars, we can set some tentative dates for June.

MR. ROOT: What is the date of the last Friday in June?

THE CHAIRMAN: The 29th.

MR. ROOT: My son is being married on that day.

THE CHAIRMAN: Then we might go the week before. We can fly to Port Arthur.

MR. MacDONALD: The causeway is right along the railroad, and the real and simple answer would be, if we could arrange railroad transportation, to go by rail, and we can see the causeway. I think they only have train service there two or three days a week, and some arrangement might be made whereby we can go from the Head of the Lakes to Atikokan, and then on to Fort Frances. If we could not fit into the regular schedule, perhaps we could arrange rail transportation on our own.

MR. ROOT: I imagine the people in the Fort Frances area could look after that. I remember when the road to Atikokan was opened, the minute the axe fell, a sign went up, "On to Fort Frances". I imagine the people out there would want us to have a look at the causeway.

THE CHAIRMAN: We might fly to Port Arthur and take the train to Fort Frances.

MR. MacDONALD: We might get back in time to take the plane out of Port Arthur, so as to be back here on Monday noon.

THE CHAIRMAN: Would the best idea be to go on to Kenora --

MR. MacDONALD: No, we go from the Lakehead by the southern route to Atikokan and Fort Frances. I know the Fort Frances people want to put the pressure on to get the road through.

MR. MACKENZIE: The causeway goes alongside of the railroad tracks, and if we could get special accommodations, which would just go along there slowly, we could see it from the train, and when we get to Fort Frances, perhaps we could take a motor boat along there anyway.

THE CHAIRMAN: Suppose we go to Port Arthur and hold a meeting there. There are various tourist associations who want to make some submissions to us, so we could spend a day in Port Arthur, and then take the train and go to Atikokan, spend a day there, and see what we can see on the actual ground, and from Atikokan proceed to Fort Frances and meet with the people there. That may require a four or five-day trip.

MR. AULD: Would there be any chance in doing

that the first week of July?

THE CHAIRMAN: Not a chance. The Chairman of this Committee is taking the first two weeks in July to go some place and take off his shoes for a few days.

MR. MacDONALD: Yes, I think that would take from at least Wednesday to Saturday.

THE CHAIRMAN: When is the blessed event expected, Mr. Auld?

MR. AULD: I wish I knew. Anywhere from about the 15th to the 20th.

THE CHAIRMAN: That is tough, because, as the Chairman, I find myself somewhat in favour of from the 19th to the 22nd.

MR. AULD: I thought that was what you would find. The only thing is to go and have a ride on county road No. 3, and hope for the best. You will be back on Monday, the 25th, at the latest?

THE CHAIRMAN: Oh yes, I think that is right. When we get the University Tours man here, we can ask him.

MR. ROOT: Why not work the details out with the member for Fort Frances and the member for Port Arthur? They know the transportation set-up. They might arrange for us to fly to Fort Frances.

THE CHAIRMAN: I suggest everybody block out

on your calendars from Wednesday the 20th to Monday, the 25th of June. Sometime during that period will be the time we will go.

MR. AULD: I wish I had known about this last October.

MR. MACKENZIE: It is pretty bad planning on your part.

MR. MacDONALD: You will find a very united effort when you go up there. You will not find them planning it individually and alone. They have one of the best regional planning systems up there. Mr. Noden reported that it takes in everybody, from the Head of the Lakes right through.

One thing I would like to warn the Committee about, and that is, do not visit Dryden nor Kenora, because you will get as heated opposition as those in favour of it. Not that they are opposed to it, but the Trans-Canada Highway has been delayed so long, they cannot see why you want to build a bush road down to the southern end of the province. It is interesting to see the heated opposition to this, when they cannot get the Trans-Canada put through.

THE CHAIRMAN: They will be notified, and if they want to give us a "blast" or two, we will be there to hear them.

One other thing: tomorrow, we will go to luncheon at the Royal York Hotel, to entertain these people from New York state. We will have a meeting in the morning, and let us make some effort to have 100 per cent. representation tomorrow.

MR. CHILD: I have a traffic meeting in Hamilton tomorrow at three o'clock. I understand someone from Mr. Macnee's department is coming over, and there are several things we want to discuss in advance, and I hope to be there by two o'clock.

THE CHAIRMAN: We will cover a little correspondence and then deal with our transportation problem, and then get on with the business of the day.

MR. COLLINS (Secretary): Following the direction of the Committee, we sent invitations to appear to organizations with which we had previously communicated, and I have received confirmations from the Ontario Association of Motor Coach Operators, the Ontario Motor League, the Automotive Transport Association, the Ontario Traffic Conference, the Railway Association, and an organization in Port Arthur, and in Fort Frances, and I would expect in Atikokan, also.

The No. 3 Highway Association and most of these others, who wish to appear, can only do so in the fall, perhaps in October, so I am setting it up so their

appearances will be at that time.

The Ohio Turnpike Commission, in response to our request, offered to see us on any business day in May, and we requested that the 23rd of May be the date for meeting them.

This morning, from the Department of Highways of the state of Ohio, I received this letter:

"Dear Mr. Collins:

In your letter of May 4th you requested an appointment to meet with officials of the Ohio Highway Department on May 24, to discuss highway financing, particularly with respect to weight mile and axle mile tax.

I regret to inform you that on May 24th, I will be in Chicago, and if you want to meet with me personally, I expect to be back in the office on the 25th. In the meantime, I have made arrangements for you to meet with Messrs. Heier, Bradley and Thormyer on the 24th.

Very truly yours,

(signed) 'S. O. Linzell',

Director."

So the State of Ohio is set up. The original letter from the Turnpike Commission suggested that in the event the Committee desired to visit the Ohio

Turnpike enroute, that could be arranged, and they enclosed several maps.

THE CHAIRMAN: I personally do not think there is too much to be gained by riding over a toll road. We are more interested in the administration problems than in the construction angle. So I suggest we go directly to Columbus, if possible.

MR. COLLINS (Secretary): There are two letters which I think should be read to the Committee. One is from the Toronto and York Roads Commission, addressed to the Secretary, reading as follows:

"Dear Sir:

I have been instructed to thank you for your letter of April 20th, 1956, inviting this Commission to make representation on both the application of the toll principle and the feasibility of introducing weight mile taxes into Ontario.

The Commissioners felt that the Committee were going into this matter quite thoroughly and that we could not add very much to your source of information.

However, if there is anything that you would wish us to do in this respect, we would be more than happy to co-operate with you.

Yours very truly,

(signed) A. J. Rettie,
Chief Engineer."

Another letter is from the Ontario Good Roads Association, dated May 3rd, 1956, reading as follows:

"Dear Mr. Collins:

Replying to your recent letter, I have consulted the members of the Executive Committee of the O.G.R.A. and they do not think it necessary to make any representation to your Committee as they feel that with the amount of information which you have available the toll road committee is quite capable of making the proper decision with regard to weight-mile taxes and other similar problems.

Very truly yours,

(signed) ' T. J. Malony'

Managing Director."

That is all the correspondence I have, Mr. Chairman.

THE CHAIRMAN: Now, we can deal with our transportation problems.

---Further discussion re transportation matters, discussed informally, and not reported, by direction of the Chairman.

THE CHAIRMAN: Now, gentlemen, shall we proceed? I would like to go over the material we have, in order to prepare ourselves for tomorrow. If we can

do this in an hour, we will be finished, and that will be all for today.

MR. MacDONALD: Will we be sitting this afternoon?

THE CHAIRMAN: If we do not complete what we want to do this morning.

This mimeographed sheet which you have before you is a portion of the 1955 Report of the New York State Joint Legislative Committee on Carrier Taxation. We had only three copies of it. It deals with carrier taxation, as such.

The section we have taken out and had mimeographed for your benefit is the section dealing with the weight-distance taxation only.

Perhaps we should familiarize ourselves with this in order that we can conduct an intelligent meeting tomorrow. So we will go through this, and read it, and discuss it as we go along. We will start with page 1.

MR. AULD: There is a good deal about "reciprocity between states" in there, which I do not think concerns us too much.

THE CHAIRMAN: Let us start at the beginning and if we come to certain sections which do not appear relevant for our purposes, we will skip them.

MR. COLLINS (Secretary): We picked these out, because it was answering certain questions, which we might be prepared to ask tomorrow.

It starts:

"What is it?

"It is a special highway use tax on all vehicles having a declared maximum gross weight of 18,000 pounds or over."

THE CHAIRMAN: Perhaps Mr. Cooke could give us some information on that, according to his analysis of the situation.

MR. COOKE: Shall I describe it in a few words?

THE CHAIRMAN: If you will, please.

MR. COOKE: They have a weight-mile tax in New York and the tax is levied at certain mileage rates. It starts with vehicles of over 18,000 pounds; in other words, a vehicle weighing 18,001 pounds and over pays the weight-mile tax.

MR. AULD: Is that the gross weight, or the unladen weight of the vehicle?

MR. COOKE: That is the gross. In the case of tractor-semi-trailer combinations, I believe they take the unladen weight of the tractor and add to it the loaded weight of the semi-trailer, to get the

[illegible]

out, however, we answering certain questions that we might be presented to authorities.

[illegible]

"What is it?

"It is a special highway use tax on all vehicles having a designed maximum gross weight of 18,000 pounds or over."

MR. CONNOR: Perhaps Mr. Cooke could give us some information on that, according to the mechanism of the situation.

MR. COOKE: Should I begin at a few words?

MR. CONNOR: If you would [illegible].

MR. COOKE: They have a weight mile tax. The [illegible] tax is levied at certain mileage rates. It applies with vehicles of over [illegible] pounds in gross mode, a vehicle weighing [illegible] 000 pounds and over [illegible] weight mile tax.

MR. [illegible]: Is that the gross weight, or the [illegible] weight of the vehicle?

MR. COOKE: That is the gross. In the case of tractor-semi-trailer combinations [illegible] the combined weight of the tractor and [illegible] the loaded weight of the semi-trailer, [illegible]

gross weight of the combination.

MR. CHILD: That includes the load?

MR. COOKE: Yes, that is right.

As you go up above the 18,001 pounds, for each extra 2,000 pounds, an extra tax is charged through the higher mileage rate. For instance, the mileage rate for a vehicle weighing 25,001 pounds is higher than for one weighing 18,001 pounds.

All the vehicles which are subject to this tax pay a rate based on the gross weight of the vehicle.

Formerly, they exempted vehicles operating in certain Public Utility Commission, or municipal zones. These did not pay the mileage tax. But during the last couple of years, they have been doing away with most, if not all, of these zones.

MR. CHILD: How do they collect this tax and how often?

MR. COOKE: It is like the income tax; it is self-assessed. The operator is under a legal obligation to send in reports at regular intervals. In New York, I am not certain just how often carriers are required to report.

THE CHAIRMAN: I think it is once a month.

MR. COOKE: Yes, the returns are monthly, and

I think are due on the 21st of each month. The operator of a vehicle has to send in his return, showing how many miles each vehicle has run and also has to work out the tax he is paying, showing the calculation on the report, and, at the same time, sending in a remittance for the amount of tax due.

MR. ROOT: You say the tax is based on the gross weight?

MR. COOKE: That is right.

MR. ROOT: Does that mean each individual load, or the gross capacity of the truck?

MR. COOKE: It means the maximum declared weight. In Ontario, when an operator registers his vehicle, he has to declare the maximum weight which, in his opinion and having regard to his operations his vehicle will ever have. The empty weight of the vehicles is included in this maximum gross weight.

If an operator has two trucks, each weighing 5,000 pounds empty, and one is to carry gold and the other coal, the operator will say, "The maximum gross weight of the truck I shall use to carry gold is twelve tons", but in regard to the other vehicle, he will say, "Since I am carrying coal, the maximum gross weight will be eight tons". You have to put some reliance on a person's honesty. That is where the police come

in, because your vehicles show the gross weight, and the police are supposed to check it.

The same thing happens in New York State. They take the maximum gross weight. I do not know whether I should make a comparison between the New York weight-mile tax and the Ohio axle-mile tax.

In Ohio, they have various mileage rates for vehicles with different numbers of axles. The tax begins with a vehicle with three axles, and as it rises to four axles, five axles, and so on, the mileage rate increases.

In New York, it is on declared maximum gross weight, and the rate goes up by 2,000-pound groups.

If you have an axle-mile tax, the number of axles can be easily checked, and there is not much disposition on the part of the operators to attempt to evade it.

On the other hand, when you start levying the tax rate according to the declared maximum gross weight, there is an inducement for a carrier to under-declare the gross weight, and to say that he will never be carrying more than twelve tons gross, when he knows perfectly well that he will sometimes be carrying fifteen tons. By doing that, he will be getting the lower mileage rate for every mile he runs in New York, that is, he is paying a lower rate than he should be paying.

In New York, where the weight may vary from what the operators say the gross weight is, you have to have these weighing stations all over the State to check the vehicle weights. Checking is much more stringent than in Ontario at the present time.

What are the results? One result is the heavy expense incurred in building these weighing stations. I have an idea -- speaking only from memory -- that some of them cost as much as $20,000. That is one point.

Another is you have to have weighing officials, the police have to be "gingered up", and there has to be much closer co-operation between the police and the administering body.

Of course, if you have the axle-mile tax, that may be an advantage, because you do not have to have all these weighing stations. But it seems to me the economy you get in the axle-mile tax is more apparent than real, and for this reason: it is true, if you levy the tax according to the number of axles, there is not much chance of evasion, and you do not need the weighing stations, for this purpose. On the other hand, if you have to have weighing stations, you are killing two birds with one stone; you are forcing the authorities to remedy a situation which exists all

over America, namely the overloading of trucks. Perhaps I was poaching a little on your preserves, but I wrote to Mrs. Long for the latest figures, and she sent me the figures for 1954. At the end of her letter, she made what I think was a very interesting remark. She said that although it is impossible to calculate exactly this indirect benefit from the weight-mile tax, the damage to the highways which is prevented is probably at least as great in dollar terms as the revenue from the weight-mile tax.

There are two ways of remedying the shortage of highway revenue. One is to get extra revenue from a new form of tax. The other is to reduce costs at the same time. I have every reason to believe there is considerable saving of costs with a weight-mile tax, and that is in favour of this form of taxation. This also applies to Oregon.

MR. AULD: In Ohio, with the axle-mile tax, there still must be some maximum axle weight? In other words, there would still be the requirement to have a checking of some kind?

MR. COOKE: I agree entirely with that. That is why I said the advantage from the axle-mile tax is more apparent than real, because in Ohio they must be finding the same problem we have here, which everybody

has, and that is, carriers exceeding the maximum legal axle-load or gross weight. This illegal overloading seems to be extremely prevalent everywhere.

MR. MACKENZIE: Mr. Cooke, it strikes me the Authority would have to depend largely on the honesty of the truckers?

MR. COOKE: For the weight-mile tax?

MR. MACKENZIE: Yes.

MR. COOKE: That has happened in a number of states, and has happened in New York. You cannot construct all these weighing stations over night, because it takes some time to construct them and probably a great deal of evasion occurs at the beginning, but as time goes on, you get this planned system of weighing stations, and as people are caught and heavily fined, the inducement to go on with this sort of thing diminishes.

One of the points which has become clear is that you must have severe penalties both for overloading and under-declaring your maximum gross weight.

One interesting thing has emerged in New York. After they introduced this weight-mile tax, they noticed a suspicious discrepancy between the number of vehicles registered with a maximum gross weight just below that which was subject to tax, namely, 18,000 pounds and less, and the number in the lowest

weight group subject to the tax, namely 18,001 to 20,000 pounds. There was quite a discrepancy. When you came to 18,001 pounds, the number dropped down noticeably. I believe the numbers were 39,000 as against 13,000,a gap they never noticed in the past. That was clear proof that a great many carriers had started to lower their declared maximum weights. There again, the question of enforcement comes in.

MR. ROOT: That is the point I was trying to raise before. Under this system, the tax is on the maximum declared gross weight. If you run with half a load, you are still paying tax on the full load?

THE CHAIRMAN: I think they have some system of compensating for that.

MR. COOKE: Yes, they have a system of refunds for empty running, but if you run with half a load, you pay the full rate, as if you were running at the maximum gross weight. They allow refunds at the end of the year for empty runs. If you can prove you were running absolutely empty, you receive a refund.

THE CHAIRMAN: Make a note of that, Mr. Root, because that is a question you may want to ask tomorrow.

I presume you have read the report, Mr. Cooke?

MR. COOKE: Yes, I have.

THE CHAIRMAN: There is one point I would like

to read. It is entitled "Analysis of the Gasoline Tax as a Revenue Source". I do not know whether it is right or wrong, but it is very interesting, when you think of why these weight-mile taxes have been applied. It is purely background, and has nothing to do with the weight-mile tax, as such.

MR. CHILD: On what page is that?

THE CHAIRMAN: It is on page 27 of this little green book. Let me read this to the Committee:

" More astounding than the numerical increase in numbers of vehicles estimated at more than 100 per cent in the last decade, is the changing pattern of traffic volume whereby types of vehicles and their use-characteristics bear only a slight resemblance to the motor vehicle of yesteryear. This evolution was fairly gradual until about 1940 when the preponderance of trucks became sharply accelerated. Since then a second evolution has occurred within the category of commercial vehicles as these vehicles became heavier, average loadings increase mightily and commensurate with this increased investment in equipment, average mileages for each vehicle were larger.

This change in vehicle characteristics and use has been treated in considerable detail in

previous reports of the Committee. It can be briefly illustrated by the fact that there were over 70 times as many vehicles weighing 30,000 pounds gross weight in 1953 as in 1936. Average truck loadings are 55 per cent higher than in 1941 and the use of vehicles having axle weight loadings over 18,000 pounds has increased 1300 per cent since 1931.

These changes in vehicle use have made gasoline consumption unreliable as an index of highway use."

And this is the point which interested me, about which I really did not know. It goes on:

"The vehicle mile per se is no longer significant because it does not reflect the weight factor. The 'ton-mile,' or the movement of one ton one mile, has been established as the accepted unit by which highway use is measured. Although it is castigated by the carriers as a factor in devising highway taxes it is nevertheless used and acknowledged by them as a unit of use for all other purposes. Their trade bulletins and publications repeatedly use the ton-mile to calculate and describe revenues, loading volumes, profits and many other aspects of their

industry. Yet they inconsistently contend with vehemence that the ton-mile is unrelated to highway use. The 'ton' of the ton-mile is the factor for which we must build our roads and is a primary cause of wear and damage. It is the ton or tonnage also that determines the shipping charges and the profits that will accrue to the carrier."

I do not know whether I agree with that, but there it is, anyway. It goes on:

"There is a vast difference between the charges for a 2,000 pound shipment being sent 100 miles and a 20,000 pound shipment traveling the same distance, yet framers of tax policy are expected to ignore the ton and think only in terms of miles."

Then it goes on to say:

"Costs for these heavy duty roads range, in some instances, up to 500 per cent greater than that for the ordinary road. Roy M. Green, Dean of the University of Nebraska School of Engineering, has estimated the mean share of construction costs these vehicles should bear to be 26 times as much as that paid by the light-weight vehicle..

Time magazine aptly summarized the prevailing thought on this matter last year in an article which stated 'almost all state officials who have investigated the matter agree that the trucking industry is not paying its share of highway costs. Scientific highway tests have proved that huge trailer trucks do far more damage to United States roads, hence make it necessary to build heavier, more expensive road beds, than the more numerous passenger cars.'

Gasoline consumption measures mileage but it has a unique 'regressive' or 'inversive' feature, varying with the weight of the vehicle that makes it an unreliable index of highway use, when vehicle weight is taken into consideration. It is true a heavy vehicles uses more gas per mile than a light vehicle and it might appear that it would consequently produce more in gas taxes for the use of the roads. The regressive characteristic mentioned previously makes such a contention a fallacy, however. Illustrated in its simplest form, at least three times as much gas is required to propel ten 3600-lb. cars as one 36,000-lb. truck. The following amplification of this principle shows pointedly the contrast and resulting inequity

of using the gas tax to compensate for highway use:"

He points out that the passenger car, weighing 3,600 pounds, gets 15 miles per gallon, which figures out to .066 gallons per mile, and the gallons per ton-mile amount to .0361 and produces 14.64 cents tax.

The table is as follows:

"	Gross Weight (lbs.)	Miles per Gallon	Gallons per Mile	Gallons per Ton-Mile	Four Cent Tax per 100 Ton-miles (cents)
Passenger Car					
	3,600.....	15	.066	.0361	14.64
Truck					
	15,000.....	8	.125	.0167	6.68
	45,000.....	5	.200	.0088	3.52
	55,000.....	3.5	.286	.0104	4.16 "

Then he goes on to say:

"Briefly, the passenger car will pay twice as much as the 15,000-lb. vehicle and more than three times as much as the 55,000-lb. vehicle."

Then it continues:

"This inequity is dramatically illustrated by the fact that nearly 90 per cent of revenues obtained from an increased gas tax will be exacted from the passenger car operator."

MR. ROOT: You have to take into consideration your license fees as well.

THE CHAIRMAN: Quite. They do. I only read this because it came as something of a surprise to me. I did not realize that the amount of tax you pay for the pounds you move over the highways is not constant. If you increase your gas tax, your lighter vehicles will pay a great deal more than the heavier vehicles, although the heavier vehicles get less miles to the gallon of gas.

MR. COOKE: I have given that a great deal of thought. In fact, I went into a discussion on this point in considerable detail in a report I wrote regarding motor vehicle taxation.

I, personally, am of the opinion that where you get the greater part of total motor tax revenue from the gasoline tax, which applies to all vehicles, heavy and light, you are bound to get inequities; in other words, the heavier vehicles are favoured as against the lighter.

One of the main points which might be raised, I fell, is in regard to the determination of the rates at which the weight-mile tax is to be levied. I think this bears directly on the point the Chairman has raised.

In spite of the statement I made just now to the effect that where the gasoline tax is providing a greater amount of revnue, inequity exists, I am not

THE CHAIRMAN: Yes. They do. I only mean because it came as something of a surprise to me. I did not realize that the amount of tax you pay for the roads you move over the highways is not constant. If you increase your gas tax, your lighter vehicle will pay a great deal more than the heavier vehicles, although the heavier vehicles put less miles to the gallon of gas.

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In spite of the assurance I made just now to the effect that where the gasoline tax is now fixed a greater amount of revenue, [illegible] [illegible]

100 per cent. convinced that it is true to say that the heavy vehicles should pay exactly as much per ton-mile as the ligher ones.

I will give you my reasons. I remember reading some articles by a professor of engineering, where he examined the validity of the ton-mile as a basis for comparison. He said --and this is something which the report from which the Chairman has read did not deal with -- that when you measure the contribution from the gas tax on a ton-mile basis, and say the heavy vehicles should pay as much as the lighter cnes you are, in fact, saying that highway costs vary in exact proportion to ton-miles operated.

I remember the professor pointed out -- and it struck me as being important -- that the ton is at right-angles to the direction of movement, whereas, in the case of a foot-pound, the pound is operating in the same direction as the foot is measured. I think, if it was closely examined, it might be found it is not entirely valid to say that everything should be measured on a ton-mile basis, and the 55,000-pound truck should pay as much per ton-mile as the lighter; it might be, it should pay something less.

THE CHAIRMAN: That leads us into the question of the determination of the rates.

MR. COOKE: Yes, that brings up the question of the determination of the rates. I would like to throw some light on it. There is a method of highway cost allocation called the "incremental cost method". Under this method, cost records are examined, showing the costs of constructing and maintaining highways for different weight groups of vehicles. Engineering studies are also carried out. The purpose is to relate highway costs directly to the weights of vehicles. This method goes straight to the heart of the problem. The incremental cost method is regarded as superior to the ton-mile method. But in those states where incremental cost studies have been carried out, the general situation which has emerged has proved to be about the same as that disclosed by the ton-mile method.

It has been found that the heavier vehicles are paying too little, and passenger cars too much. So where this second or better method has been used, it has tended to prove that the statements of the people like the New York people, who are basing their comparisons on the ton-mile, are not invalid. They may be incorrect about the exact degree of inequity, but not in regard to the general pattern.

In New York, they just adopted the rates which were being levied in Oregon. The New York

weight-mile tax began in 1951, and they took the rates then being levied in Oregon. In Oregon, they had determined their rates by the better method, what might be called the "purely engineering method" or the "incremental cost method". So New York avoided the difficulty and expense of having to determine their own rates.

But there is a flaw in this. It does not require much consideration to realize that where there are so many variables, this "adoption" of rates may be invalid. The terrain varies greatly, and so do all the other factors which influence the rates which should be charged.

THE CHAIRMAN: How did Oregon establish the rate?

MR. COOKE: By the incremental cost method. They have done it very scientifically.

MR. AULD: Say it cost $1.00 a mile to build a road to carry an axle load of 2,000 pounds, and it costs $2.00 to build a road which would carry an axle load of 5,000 pounds, by figuring out or breaking down the weights of the vehicles which use the highways, you get your weight-mile rates right? Is that roughly the way they did it?

MR. COOKE: It is difficult to state in a

[illegible]

[illegible] AASHO by [illegible]

[illegible] "Turner [illegible]

"[illegible]" [illegible]

difficulty and expense of having to determine their [illegible]

But there is a flaw in this. It does not require much consideration to realize that where there are so many variables, this "[illegible]" of [illegible] may be invalid. The terrain varies greatly, and so do all the other factors which influence the rates which [illegible]

THE CHAIRMAN: How did Oregon calculate the [illegible]

MR. COOKE: By the traditional road method. They have done it very successfully.

MR. AUID: Say it cost $1.0[illegible] a mile to build a road to carry an axle load of 2,000 pounds, and it costs $2.00 to build a road which would carry an axle load of 3,000 pounds, by figuring out or knowing the weights of the vehicles which use the highways, you get your weight-mile value right? I have roughly the way they did it?

MR. COOKE: It is difficult to [illegible] in a

few words, but it boils down to this; first of all, you have to find out the differences in the per mile cost of catering for different weights of vehicles. You must divide your vehicles into certain significant weight groups. First of all, you have to decide what is the cost of a basic type of highway adequate for passenger cars and light vehicles weighing up to, say, 5 tons. Then you determine the extra construction and maintenance costs attributable to vehicles weighing between 5 and 10 tons, and so on for heavier weight groups. These calculations are made by engineers.

To put it simply, the per-mile rate, at which a weight-mile tax is paid (in Oregon for instance) by a 20,000 pound vehicle, would be based on the following considerations.

You take into account the actual number of vehicles in this weight group and the average miles they run per year, plus their average miles per gallon. Then you calculate what they are paying in gasoline tax and what they are paying through registration fees and add these amounts together. When you take this sum away from what they should be paying, as determined by the incremental cost method, you have left the sum which must be paid per year through the

few words, but it boils down to this. First of all, you have to find out the difference in the per mile cost of operating for different weights of vehicles. You must divide your vehicles into certain classifications weight groups. First of all, you have to decide what is the cost of a basic type of highway adequate for passenger cars and light vehicles weighing up to, say, 5 tons. Then you determine the extra construction and maintenance costs attributable to vehicles weighing between 5 and 10 tons, and so on for heavier weight groups. Those calculations are made.

To put it simply, the per-mile rate, at which a weight-mile tax is paid (in Oregon for instance) by a 30,000 pound vehicle, would be based on the following

You take into account the actual number of vehicles in this weight group and the average miles they run per year, plus their average miles per gallon. Then you calculate what they are paying in gasoline tax and what they are paying through registration fees and these annual taxes. When you have this sum away from what they should be paying, as determined by the investigation; cost method, you have left the sum which must be paid, per year, in order to

weight-mile tax by the vehicles in that particular weight group. If you divide this sum by the total number of miles the vehicles in the group will run during a year, you get the rate which they should pay per mile. It is necessarily approximate, but the weight-mile tax in Oregon is working out in such a way that all vehicles paying it are contributing a sum equal to their responsibility for highway costs. All the vehicles in a given weight group are paying what engineers have decided the vehicles in that group should be paying, and this depends on what they have found to be the cost of supplying highways for that group.

THE CHAIRMAN: I think that is a very clear exposition.

MR. AULD: I wonder if Mr. Cooke would suggest that the purpose appears to be, as far as highways are concerned, that the registration fees would cover the cost of supplying, and building, and administering that end of it, plus perhaps a basic contribution to highways. If a vehicle is built, there must be a road built whether the vehicle uses it or not, something like the Hydro.

MR. COOKE: That is generally taken to be the case.

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MR. CHAIRMAN: I think that is a very clear

MR. ADAMS: I wonder if Mr. Upton would suggest that the purpose appears to be, as far as highways are concerned, that the registration fees would cover the cost of supplying, and building, and maintaining that part of it. Also perhaps a basis contribution to highways. If a vehicle is built, there must be a road built whether the vehicle uses it or not, something like the Hydro.

MR. CHAIRMAN: That is generally taken to be the case.

MR. AULD: It is determined on the basis of mileage, and the load carried?

MR. COOKE: Yes.

MR. CHILD: If you have the bills of lading going with the trucks for a certain amount, in fact, the customer pays for that particular weight. Has that not been given, by any of the States who charge for weights based on bills of lading?

For instance, we have trucks in our company, an outside cartage firm, which truck tin cans for us, which are extremely light. The same truck might be taking refrigerators from Westinghouse to Toronto. If that truck had to pay the gross weight over the year, and half the time he is carrying tin cans, and the other half is carrying refrigerators, he would be at a disadvantage because he could not keep one truck all the time for carrying refrigerators, and another truck all the time for carrying tin cans. If everything was charged on the bill of lading weight, plus the standard license fee, would it not be more simple to operate?

MR. COOKE: This has been classed by many of the States, including Oregon, as a straight ton-mile tax.

One of the defects in the tax, as generally administered, was that the variable loads were taken

[illegible]. AUID: It is determined on the basis of [illegible] alone, and the load carried?

[illegible].

MR. CHILD: If you have the bills of lading [illegible] the shippers page for that particular weight. Has that not been given, by any of the Shaker who charge for weights based on bills of lading?

For instance, we have trucks in our company, a outside carriage firm, which truck bin-cans for us, which are extremely light. The same crew might be [illegible] refrigerators from Anaheim-Orange to Tucson. If that truck had to pay the gross weight over the year, and half the time he is carrying tin cans, and the other half it carrying refrigerators, he would be at a disadvantage because he could not have one truck all the time for carrying refrigerators, and another truck all the time for carrying tin cans. If everything was charged on the bill of lading weight, does the standard [illegible] Co., would it not be more simple to [illegible]?

MR. COOPER: This has been discussed by many of the Shaker. Including Oregon, as a subsidiary [illegible] [illegible].

One of the defects in the law, as generally administered, was that the variable loads were taken

into account; in other words, the operator had not only to show how many miles the vehicle had travelled, but also had to supply information about the varying gross weight of his vehicle.

When you rely -- as you must do -- on the operator's honesty as to what is carried on, say, Wednesdays or Thursdays, you are in the realm of great possible evasion.

One of the things which has struck me about the weight-mile tax is that if it was levied here, it would be entirely undesirable to try and take into account these variations of load. I admit frankly that it should be done, but it seems administratively impossible.

Even the empty running has possibilities of evasion. It is unfortunate, but perhaps inevitable.

MR. CHILD: The books would have to be checked, and in any one month you would have to take the man's receipts, and take a percentage of what appears on the receipts, which are based on weight per mile.

MR. COOKE: Are you proposing a gross receipts tax?

MR. CHILD: I think some jurisdictions have it.

MR. COOKE: It is another form of tax altogether from what we are discussing here.

THE CHAIRMAN: I think in New York they have got at this point that they are building to the weighing stations.

MR. COOKE: Yes, but there is no need to take these varying loads into account.

THE CHAIRMAN: It solved the problem Mr. Child has raised.

MR. CHILD: With your excise tax, you simply submit each month the amount of tax on the goods sold. Then, periodically -- say, perhaps, at the end of September, they come in and ask you for all your receipts in that month, and they total them up, and if the tax you have sent in does not agree with the total they find, you are in trouble.

MR. AULD: Then the variations of weights for different kinds of goods come up. For instance, in our business, we handle a great deal of canned goods, and stuff in bags, and quite a good deal in glass containers, and there is a different rate for pickles or jam which is packed in glass, than there is for things packed in cans or in jute bags. For 100 pounds of glass, the rate is higher than for 100 pounds of things in metal containers.

MR. COOKE: There is one thing the New York people have emphasized, which seems to be extremely important, and that is they have to go by the declared maximum gross weight. No operator will expect to run all the time at his declared maximum gross weight, yet this has to be taken as the basis.

In Ontario, when we charge P.C.V. and registration fees, we do not attempt to allow for the fact that one operator will usually run half empty and the other with full loads all the time. We are already levying motor vehicle taxes on the declared maximum gross weight. To follow any other procedure would be a mistake from the administrative point of view. We should be aking the same mistake, if we attempted to allow for varying loads under a weight-mile tax.

THE CHAIRMAN: There are so many things in which we can expect a percentage of error. If it is properly done, and simple enough to be accepted, it might work out, but if this was as great or greater inequality than the inequality you are trying to correct, then you accomplish nothing.

Mr. Macnee raised the point, what about trucking firms leaving Toronto with 14 tons, and dropping a ton off at Markham and another ton some place else, and at the end of his run he disposes of

, GORDON: There is one thing the New York people have complained, which seems to be extremely important, and that is they have to go by the [illegible] [illegible]. [illegible] expect to run all the time at his declared maximum gross weight. Yet this has to be taken as the basis.

In Puerto, when we change F.U.V. and regulation fees, we do not attempt to allow for the fact that one operator will usually run half empty and the other with full loads all the time. We are already levying motor vehicle taxes on the declared maximum gross weight. I follow any other procedure would be a mistake from the administrative point of view. We would be using the gross mistake, if we attempted to allow for varying loads under a weight-mile tax.

VON HOFFMAN: There are so many things in which we can expect a percentage of error. If it is reasonably done, and simple enough to be accepted it might work out, but if this was as great or greater in reasonably then, the unfairness you are trying to correct, then you accomplish nothing.

Mr. Phoenix raised the point, what about transporting firms leaving Toronto with 1% loads, and then picking up a few off at Kingston and another one, some place else, and at the end of the run be discovered of

the final ton. He is only running a short distance with his full 14-ton weight.

MR. COOKE: Yes, but I feel when you start making allowances for these varying loads, you open the door wide to evasion.

THE CHAIRMAN: Mr. MacDonald, have you anything to say?

MR. MacDONALD: It seems to me that in Oregon, where they started on this, and have gone through the same process of experimentation, am I correct in saying that a year ago they brought in an outside firm to study the problem of evasion, and came to the conclusion that the evasion was of a figure, which I forget at the moment, but they estimated it was no greater evasion than with any other tax.

They have arrived at something there which is equitable, and have eliminated practically the possibility of evasion.

It seems to me what we should do is to bear in mind that these people have pioneered it, and we should take what steps may be necessary to avoid the headaches they had out there.

The thing which interested me in terms of trying to get equity in the tax, as related to the cost of the highways either for construction or

maintenance, is the fact to which Mr. Cooke referred a few moments ago, that in your weight-mile tax, and the setting up of weighing stations in order to detect the overloading violations of the law, and abuses of the highway, would take considerable time, and cost a considerable amount of money, and if you take along with that, the figure, which I still find staggering; one which emerged in California -- and our highway officials indicated there was no reason to believe it would not be comparable in Ontario -- that 50 per cent. of the cost of the motor-free highways is required to meet the demands of 4 per cent. of the traffic, namely, the big trucks --

THE CHAIRMAN: May I comment on that?

MR. MacDONALD: Yes, certainly.

THE CHAIRMAN: I gave this some thought at the time these figures were produced, and I wondered if any consideration was given to the different climatic conditions in California and Ontario.

We have to build roads to a certain standard, regardless of what weight the vehicles carry which run on them, to prevent certain types of destruction from weather and frost; in other words, these figures may be completely unavailable in California. Perhaps in Oregon, where the relative weather conditions are

somewhat similar to ours, their figures might be valid, but I would want to consider that before accepting that figure.

MR. MacDONALD: I am accpeting the figure of an expert. I do not know how valid it is.

THE CHAIRMAN: Then we must consider the trucking industry in connection with our domestic economy, as it makes a great contribution, and the workers in the plants benefit from the fact that there is trucking service available. A plant might not be located where it is, if there were not highways over which trucks could travel.

That is quite an imponderable, but, in my opinion, it is quite a valid matter which would have to be considered.

MR. AULD: Along with the statement that 75 per cent. is assessed against the vehicles which use them, and 25 per cent. against the public generally.

THE CHAIRMAN: If I take my family out for a drive on a Sunday afternoon, it is a different operation than a man trucking material into a plant, or some truck carrying out the finished product.

MR. AULD: The same people could drive back and forth to work.

THE CHAIRMAN: Yes.

MR. ROOT: That is an important thing. Which is the most important; pleasure driving, commercial driving or public transportation? Has that been considered at all?

THE CHAIRMAN: I think it has to be considered.

MR. ROOT: If you are going to build highways for people to go to the lakes and fish, that is one thing, but if they are to be built to provide jobs and stimulate industry, that is something else.

MR. AULD: Could Mr. Macnee give us any breakdown of the passenger cars and those providing service to industry?

MR. MACNEE: That varies tremendously. The one point which was just brought up is, that in certain parts of the province, pleasure driving creates a major tourist industry in the lake regions, such as the Muskoka region and others.

MR. AULD: And it comes from the point of view of people who go up there for pleasure and spend money in connection with the tourist industry.

MR. MACNEE: A person driving a car may just be out for pleasure; in some places, it is pure pleasure, in others it is an industry. One thing which was noticed was that all of our roads have seasonal variations, and perhaps in the vicinity of

MR. ROOT: That is an interesting thing, which is the most inconvenient, pleasanter having [illegible] that been considered at all?

MR. CHATTERTON: I think it has to be considered.

MR. ROOT: If you are going to build hundreds for people to go to the lakes and fish, that is one thing, but if they are to be built to provide jobs and eliminate industry, then is something else.

MR. AUBIN: Could Mr. Thomas give us any breakdown of the seasonal cars and those moving between in industry?

[illegible]

one point which was just now on my lips, that as certain areas of the province, producing dairying provides a major industrial industry in the lower regions, and as the Ontario Tourist Trade [illegible].

MR. ROOT: And it comes from the point of view of people who go to Quebec for pleasure and that money is connected with the tourist industry.

MR. [illegible]: I remember hearing a man say just he put for [illegible] in some places, it is not necessary, in others it is [illegible]. The point which was noticed was that all of our roads were [illegible] and provide in the locality of

Toronto, the summer traffic would be possibly 50 per cent. higher than winter traffic.

If you make your basic assumption on this winter traffic, it would be the commercial traffic, and for the balance of the year, mostly pleasure driving.

That varies from perhaps 50 per cent. lower in the summer to the tourist regions, where it will be maybe 500 per cent. higher.

I do not think you could possibly come up with even an approximation, percentage-wise.

MR. SANDERCOCK: This whole idea is to get a greater revenue from the trucking industry to maintain the roads?

THE CHAIRMAN: There is another point involved; that is the point of equity.

MR. MacDONALD: The incremental cost proposition.

THE CHAIRMAN: We need more revenue, certainly, but we want the taxes to fall where they belong; in other words, a man should pay proportionately to his position. It is not a straight question of collecting money. If it were, perhaps an increase in the gasoline tax would be the most simple method, because any increase would affect everybody. By the other method, you perhaps would be placing the extra taxation where it should not be.

Toronto, the summer traffic would be possibly 40 [illegible] commercial traffic.

If you take your basic amount ... on this winter traffic, it would be the commercial traffic, and for the balance of the year, mostly pleasure driving.

That varies from perhaps 50 per cent. lower in the summer to the tourist regions, where it will be maybe 300 per cent. higher

I do not think you could readily come to much even an approximation of percentages.

MR. [illegible]: This would tend to give a greater revenue from the tourist industry to maintain the roads?

THE CHAIRMAN: There is another point involved that is the point of equity.

A. [illegible]: The fundamental tax proposition.

THE CHAIRMAN: We need the revenue certainly, but we want the taxes to fall where they belong; in other words, a man should pay proportionately to his position. It is not a straight question of collecting money. If it were, perhaps an increase in the gasoline tax would be the most simple method, because any increase would affect everybody. By the other method, the stamps would be placing the extra taxation where it should [illegible].

MR. COOKE: To answer Mr. Root's question, I look at the role of motor vehicle taxation.

First of all, you have to have a highway programme extending over so many years, which will cost so much per annum. This annual cost must be divided into two parts: that to be borne by motor vehicle operators and that payable by other people who benefit from highways. Let us say that 75 per cent. of the annual cost should be borne by motor vehicle operators and 25 per cent. by other beneficiaries.

This 75 per cent. should be divided up in a fair way. There are two reasons why this should be done. One is from the point of view of equity, namely, that the passenger car operator should not be paying for what he is not receiving. He should not pay part of the cost which should be attributed to the heavier vehicles.

Secondly, we come to a point which is even more important, and that is the proper allocation of economic resources among different forms of transport.

I can simplify that by saying if the heavy vehicle operators are not paying their full share of these annual highway costs, they will, in effect, be getting a subsidy from passenger car operators. I am not saying that is the case, but for the sake of

MR. COOLEY: To answer Mr. Hoehle's question, I look at the rolls of motor vehicle taxation.

First of all, you have to have a highly productive [illegible]

so much per annum. This annual cost must be divided into two parts: that to be borne by motor vehicle operators and that payable by other people who benefit from highways. Let us say that 75 cent, or the annual cost should be borne by motor vehicle operators and 25 per cent, by other beneficiaries.

This 75 per cent, should be divided in a fair way. There are two reasons why this could be done. One is from the point of view of equity, namely, that the passenger car operator should not be paying for what he is not receiving. He should not pay part of the cost which should be attributed to [illegible]

Secondly, we come to a point which is even more important, and that is the proper allocation of economic resources among different forms of transport.

I can explain that by saying if the motor vehicle operators are not paying their full share of these annual highway costs, they will, in effect, be subsidizing a regular bus passenger car operator. I cannot argue that is the case, but for the rolls of

argument, if the tax rates levied on heavy road vehicles are too low, their operators will be able to quote lower transport rates than they could have quoted, if they had had to pay their full share of highway costs. As a result, they will be able to obtain some traffic which could, in reality, have been carried more cheaply -- in terms of economic resources -- by some other form of transport. In a case such as this, society will not be making the best use of its resources.

MR. AULD: Further than that, if the motorists as a group are subsidizing the transport industry, along the lines the Chairman mentioned, there are benefits from industry and so on, and it may be the government is not collecting its share from industry, but is adding to the 25 per cent. assessed against the community as a whole. In other words, the motorists are subsidizing the economy of a community, intead of the people.

MR. COOKE: This 25 per cent. is not considered to be payable by a community as a whole. It is considered to be payable by the people who benefit directly from the highways, for example, land owners, and owners of business properties, people who have roads constructed to give access to their homes, and

their places of business, and so on.

There is another argument which has been raised in the past and which is often being used, that because industry in general depends to a large extent on the trucking industry and because of the great benefit to employment and so on, which it indirectly provides, therefore it is right that the community as a whole pay part of the cost of highways.

This argument is based on the fact that the trucking industry is essential to the economy of the country, but I am of the opinion that if you apply it to the road transport industry, you should also apply it to all industry. For instance, what is more important than the manufacture of food and clothing? I cannot see why the government, if it is going to subsidize the trucking industry, should not also subsidize food, clothing and almost everything else.

MR. MacDONALD: That is the point I wanted to pick up. I do not think we can arrive at a sensible method of taxation by allowing that sort of condition to exist in favour of some people, simply because of their influence in the community. I do not think it applies to them at all.

If you look at the cold, hard facts of the economy, what are they contributing in terms of revenue?

What do we have to pay out to meet the requirements in the way of building highways? But to sort of arrive at the sentimental position that because they are paying into the community, they should not have to pay by way of what is almost a subsidy to the trucking industry, I think is getting into imponderables which are almost impossible of solution.

THE CHAIRMAN: I do not agree with the word "sentimental".

MR. MacDONALD: I am not too concerned with it, myself.

THE CHAIRMAN: I think we have to consider all these factors. I do not see how you can rule one out, as opposed to another. You get into a situation such as Mr. Cooke has just outined; "political philosophy" is perhaps the best way to describe it. I do not see how we can disregard it. On that score, I think I will have to disagree. There might be the question of what weight to attach to it. That is another matter. But I do not think we can simply say we will disregard it. I think that would be quite wrong.

MR. ROOT: My approach to this is not a matter of sentiment. It is a matter that we are appointed to study the possibility of toll roads. Then the question

arises, is the weight-mile tax better than tolls?

Leaving all the sentiment out, what was the necessity for having Highway 400? I think Mr. Warren Hastings said you could shoot a cannon up there three months of the year without hitting anything. If the road is not being used three months of the year, it must be plain it was built for pleasure driving. Why impose a ton-mile tax on traffic which could have served that area by the use of the ordinary highways?

MR. MacDONALD: Are you not ignoring the point Mr. Macnee brought up? You regard it as a pleasure road. I think if you went up to Muskoka and said it was a pleasure road, you would have them "in your hair" in quick order. It may be pleasure for some, but it is a matter of business for others, on account of the tourist trade.

MR. CHILD: My understanding is it was built at the request of the Department of Travel and Publicity to increase the tourist industry, and not as a pleasure road. Was some thought given to that feature?

MR. ROOT: The point I am trying to raise is that the revenue should be collected from all the people who use that road. You cannot pick out one group and say, "Because yours is heavier, you must pay for the road", when you only have the lighter vehicles

using it.

MR. AULD: Would it not be fair to get back to the ton-mile tax? I think the reason we are looking into this is that before we suggest that toll roads be built as a method of raising extra money required, we should find out whether our present system of taxation is fair.

Let us suppose for a moment that it is not; then we have the alternative of increasing the gasoline tax. Would it not be fair, instead of doing that, to only charge the trucks for where they drive? In other words, if the weight-mile tax is high enough, the users of No. 400 would not be paying the tax. They would not be using it on account of the extra tax, but in regard to traffic in the summer time, with the trucks coming down Yonge Street, and there being so many pleasure cars that the trucks could not use that highway, another highway had to be built.

MR. ROOT: You cannot say it is the super-highway which caused them to use the other roads.

I am not opposed to the re-assessment of the whole tax system. To me, if it is a weight-mile tax, it means you will tax trucks on their gross and carrying capacity regardless of what they do carry.

My brother and I are in the trucking business,

MR. ADAM: Would it not be fair to put back to the ten-mile map? I believe that before we had lighting lamps there at that period we suggested that that would be built as a method of relieving extra money conditions. We would find out whether our present system of taxation is fair.

Let us approach for a moment that is not, then we have the alternative of increasing the population. Would it not be fair, instead of doing work, to only charge the people for water that they drink? In other words, if the weight-mile tax is high enough, the users of the water would be the people who drink it. They would be using, in consequence of the water, but in regard to condition in the summer time, with the people coming down Yonge Street, and there coming as many pleasure cars that the people could not use that facility, another reason and to be paid.

MR. BOOTH: You cannot say it is the actual taxpayer which cannot use or use the water system.

I am not opposed to the reassessment of the whole area in town. It is the 1-4 mill-rate tax, I mean you will find trouble in other areas and certainly community requirements at some time, in order.

My instructions I have, in the main, are contained

and we come down with a half-load. We are running under a P.C.V. and we have to give service, and one of us at least has to go. Last year, we had three or four loads a day --

MR. MacDONALD: Would not most of the trucking be below that level?

THE CHAIRMAN: I do not think that is the point. I think the real question is one of inequities, and we should consider some means of overcoming that.

MR. MacDONALD: Mr. Cooke said earlier if you continue with the inequities in your tax structure, it might result in an over-expansion of your roads.

I do not know whether you understood me rightly, and I would put it this way, that it is the over-expenditures on highways in relation to other things in the Budget, and that may be the position we are in.

MR. ROOT: It may be around Toronto, but not up my way.

MR. MacDONALD: From a $400 million Budget, to spend $183 million for highways is an inequitable distribution of our revenue, and we should find out why we are putting that much money into roads, and if, relatively, a large proportion of that money is going into roads to meet the requirements of a comparatively small number of heavy truckers, we are over-spending there.

MR. COOKE: If I may be so bold, may I say that it seems to me, referring to the visit tomorrow, we should not get too deeply into the question of the determination of rates.

When it comes to the question of the determination of rates, when we get to that point, we should call on the highway engineers and the traffic experts, because this cannot be determined by laymen -- not entirely, anyway -- and before one gets to that point, one should decide whether this form of weight-distance tax has anything in it at all, whether it is advisable to consider it further.

There are two questions which arise there: (1) Are the administration costs of this tax likely to be too heavy, and (2) Is the degree of evasion likely to be excessive?

I suggest these two factors be borne in mind tomorrow.

When these two questions are answered, then one is in a position to say whether the tax is worth considering any further. One could then take up the question as to whether the heavy trucks are paying their fair share, or that might be left until later as a separate enquiry. If it is found they are not paying enough, then the question arises as to the

rates at which the weight-distance tax is to be levied. It would not be fair to levy it at just any rates. It should be possible to determine the rates scientifically.

Another question which might be asked of the New York people is why they chose the weight-mile tax instead of the axle-mile tax. Also, I would have thought they would have established their own rates, rather than take those of Oregon. Of course, it was done to save a lot of trouble and expense, but it would be interesting to hear how they justified that procedure. The question of whether some operators are paying enough, and others are not, is something which I think should be carefully considered.

MR. ROOT: I agree with you on that. The reason I spoke as objecting to this is, for instance, we are operating with one-half loads for two months, on account of the frost, and other weather conditions, and if the weight-mile tax means we are going to be taxed per mile on a maximum load, then it is a very unfair tax.

Mr. Noden, the member for Rainy River, referred to the pulp industry in his district, and he said that for five months every year they are restricted to one-half loads, and they just cannot operate.

I agree we should find out what it would cost to run these trucks.

THE CHAIRMAN: That is why we are having these people coming up from New York, so that we will find out what has been done already, and then a little later on,that can be adapted to our situation in Ontario.

MR. MacDONALD: I think one of our greatest dangers will be that they have some jurisdictions which have sweated through this intricate combination for a period of twenty years or so, and will come up with answers which may have to be revised in the light of our local conditions, but which may be quite useful to us.

---Further discussion re future procedure, not reported by direction of the Chairman.

MR. MacDONALD: Mr. Cooke said if he could "be so bold as to suggest questions". I feel, as one member of the Committee, that Mr. Cooke should be as free -- or more so -- than most of us to put the questions to these people, because he has been sweating through this portion of it.

THE CHAIRMAN: I was going to ask Mr. Cooke if he would take ten minutes this afternoon and write out a list of some of the questions that perhaps will

be developed tomorrow, and to distribute a copy of that to each member of the Committee, and in that way we will be assured we are getting the information we want to get.

MR. MacDONALD: He is acting as counsel to this Committee, and I think it is a proper way for a Committee like this to function.

THE CHAIRMAN: Well, we will adjourn now until tomorrow morning.

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---Whereupon, at 12:45 o'clock p.m., the further proceedings of this Committee adjourned until Tuesday, May 15th, 1956, at 10:00 o'clock in the forenoon.

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ONTARIO

P R O C E E D I N G S

of the

SELECT COMMITTEE APPOINTED BY THE LEGISLATURE OF THE PROVINCE OF ONTARIO, TO ENQUIRE INTO AND REPORT UPON MATTERS IN CONNECTION WITH TOLL ROADS IN THE PROVINCE.

Mr. J. P. Robarts, Q.C., Chairman,
Presiding.

Mr. D. J. Collins, Secretary.

VOLUME XVI

Tuesday, May 15th, 1956,

Toronto, Ontario.

R. C. Sturgeon,
Official Reporter,
Parliament Buildings,
Toronto, Ontario.

ONTARIO

LEGISLATIVE ASSEMBLY

[illegible] (lbs.)	[illegible]	[illegible]	[illegible]	[illegible]
Passenger Car				
[illegible],000	15	.06[illegible]	.0361	[illegible]
Truck				
15,000	8	.125	.0167	6.68
45,000	5	.200	.0088	3.52
55,000	3.5	.286	.0104	4.16

(Source: [illegible] Test - 1951 Report of Joint Legislative Committee on Motor [illegible])

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I N D E X'

SIXTEENTH DAY, MAY 15, 1956.

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Mrs. Winnifred Long, One of the New York State taxing officials.

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THE CHAIRMAN: Mrs. Long and gentlemen, we are very pleased to have Mrs. Long with us today and are very grateful to her for coming.

Mrs. Long, we are very much interested in the work you are doing in New York State. We have gone over some of your reports.

May I put it this way? We know we have a very mild smattering of knowledge concerning weight-mile tax, ton-mile tax, and axle-mile tax, and if the arrangement suits you, perhaps you could start from the beginning, and give us the New York story, and we will reserve all our questions until some time later on.

I hope you are in good voice this morning.

MRS. WINNIFRED LONG,

one of the tax officials of the State of New York, appearing before the Committee, but not being sworn, deposes and says:

THE WITNESS: I am recovering from a rather severe cold, so I will ask you to bear with me.

I am very grateful to be here. I hope you

Mrs. Identified Long, One of the non Voot
Stone Swing, officials.

MR. CHAIRMAN: Mrs. Long and Gentlemen, we are very pleased to have Mrs. Long with us today who are very grateful to her for coming.

Mrs. Long, we are very much indebted to the work you are doing in New York State. We have very some of your minutes.

Why, in the interest of consistent accuracy we make the, the mile tax, and enforcement, and in the arrangement with you, would if you return that from the Committee, and give us the, the Vote report, then we will receive all the questions which come from the.

I hope you are in good voice this morning.

MRS. [illegible]: I am [illegible] one of the can officials of the State of New York, [illegible] the Committee, not was [illegible]

MR. [illegible]: [illegible]

I am very grateful to [illegible]. I have [illegible]

will forgive me for being a woman. That usually comes as quite a jolt to some people. Sometimes they expect "Mr. Winnifred Long".

I have been instructed to convey the regrets of the Chairman of the Tax group with which I am associated whose schedule did not permit him to come himself, and that is the reason for me being here.

I would like to go into the background of our situation in New York a little bit, and tell you what our group is, how it is operating, and how we arrived at the New York State weight-distance tax, as one of the solutions of our highway problem.

The Joint Committee on Carrier Taxation, had its origin as a Committee on Highways and Canal Revenues. It had a sort of a double mandate. It had a mandate as far as highways were concerned, and it also had the responsibility of exploring the possibility of making the New York State Barge Canal self-supporting.

Because of the very acute situation which prevailed not only in New York State, but in practically every other state in the United States in regard to highways, it was very important that we focus our attention on highway problems, and highway needs in order to arrive at the best solution.

At the end of World War II, in New York State, we found ourselves, as had many other states, in a very precarious position as far as highway revenues were concerned, and as far as equity in tax structure was concerned.

We have 80,000 miles of highway in New York State, and because we have a highly-industrialized economy, much of which is greatly decentralized, we are extremely dependent on our 80,000 miles of road.

In New York State, we have an unusual concentration of population in one corner of the state. We have 85 per cent. of our population living in 15 per cent. of our physical area.

Because of the enforced neglect of our roads during the World War II period, when there was a shortage of material and a shortage of personnel, we found that our roads were extremely obsolescent, the average age of any section of any New York state highway was about twenty years, and added to that physical obsolescence, we have an acute problem of expanding traffic volume, and we found that in ten years the number of heavy commercial vehicles in New York State had increased by about 20 per cent., and we found the heavy vehicle loads had increased about 15 per cent.

Added to that highway incapacity, we had the

problem in New York State of a lack of enforcement of our State weight limits, which, incidentally, were amongst the most liberal in the United States, and little or no attention had ever been paid to weight enforcement.

The obsolescence of our highway system was paralleled by the obsolescence of our approach to highway taxation, under our highway-tax philosophy.

In New York State, the major fee paid by the commercial vehicles, aside from gasoline tax, was the registration fee based on the unladened weight.

In 1949, when this Committee began its studies, New York was one of the five remaining states which levied registration fees on the unladen weight rather than on gross weight. It is the laden vehicles which we thought should set the rate, as it is the laden vehicles which do damage to our roads. There is a great diversity between two vehicles which are identical in their unladen state, and in the use to which they may be put when they are laden, and our antiquated tax base which prevailed in New York State in 1949 -- that is, taxing vehicles at an unladen weight of, say, 20,000 pounds, and the same vehicle whether it was laden with cement blocks representing a gross weight of 40,000 pounds or laden with potato

chips with a gross weight of 24,000 pounds; either way they were taxed identically.

We found, because of this, a very unrealistic and out-moded approach to highway taxation in New York State, inasmuch as there was almost no relationship between the tax a vehicle paid and what it obtained from the use of the highways, and the damage it caused, and even more, or at least equally important, the added cost of the heavy vehicle engendered over the cost required for the ligher vehicles.

For instance, we found it cost, I would say, that 500 per cent. would be the minimum, and in some cases up to 1500 per cent. and more, to build a road for a heavy vehicle, than it did for a basic light-weight vehicle. We found the roads which were needed to accommodate the heavy commercial traffic had to be wider, thicker and flatter, and that represented, from the cost of construction standpoint, a tremendous investment.

We began our studies in 1949, with a comprehensive investigation of our 80,000 miles of highway, with particular emphasis on highway costs, and we found, incidentally, at that time, that it required between $300 and $400 in 1949 and 1950, to buy what $100 would have bought in 1940, in the way of highway

construction.

And, because the carriers themselves -- the trucking industry -- would be a tremendous factor in our studies, we conducted a very intensive investigation and study into their operations.

The trucking industry, incidentally, in New York State -- in fact in all of the United States -- has had a very spectacular rise. I think, in spite of a great deal of marginal operations in the industry, it rates about fourth in its return to investors. Contrary to what industry would have you believe, and in spite of the few marginal operations, it is in extremely good economic health.

We conducted these investigations and studies through field work and through interviews. We held public hearings; we availed ourselves of every possible opportunity to study the over-all subject.

There is a great impression, even in our State, that the weight-distance tax, which you all know was selected, was rushed into very hastily. That is not the case. It was the result of deliberate and long-range studies.

In addition to the study of our highway system, and in addition to the study of the trucking industry in New York State, we also did a very thorough examination

of comparative highway revenue measures which were being used throughout the United States, and, one by one, we eliminated them.

We studied the gasoline tax to ascertain the possibility of obtaining increased revenue through that medium. If it were merely a matter of obtaining revenue, we would need to have gone no further than the gasoline tax, but we found if we were going to introduce some equity into our highway structure, if we were going to have a relationship between highway usage and highway taxation, we would have to look further than the gasoline tax.

The gasoline tax is very easy to administer, and very easy to collect, but it falls much more heavily upon the passenger cars than it does upon the commercial vehicles. The reason it does is something which has been very difficult for us to make our people down there understand. They contend that if a vehicle is heavier, it would consume more gasoline, and, therefore, pay more tax. But, unfortunately, the gasoline consumption weight does not rise in proportion to vehicle weight. Gasoline consumption has a regressive feature which prevents it from being equitable as a possibility of obtaining a highway revenue, in a proportionate manner to heavy vehicles.

I think that can be illustrated by saying that when we explored the possibility of a two-cent increase in the gasoline tax for New York State, we found that over 90 per cent. of the increase would come in, not from the commercial vehicles, but from the passenger car operators.

The gasoline tax does not take the weight factor into consideration to the extent we believe it should, and we believe that even more today than we did in 1949 and 1950. It does not take the weight factor into consideration to the extent we feel is warranted.

Gasoline taxes are fairly equitable for a linear proposition, for measuring mileage, but when you consider that weight is such an important factor in highway building, and in highway damage, it leaves a great deal to be desired.

Conversely, we studied registration fees. A great many of our states have adopted an increased registration fee in an effort to meet their needs for highway revenue; that, adequate as the gasoline tax was for measuring mileage, registration took weight into consideration, but did not take mileage into consideration at all.

Therefore, you may have two identical vehicles which operate with identical gross loads, and your vehicle which has high mileage operation can well afford to absorb extremely high registration fees, but it represents a very acute disadvantage for the carrier who has to use a vehicle in his operations, but accrues perhaps only a fraction of the same mileage.

Under our registration fee, the vehicle which travels 300 miles a month pays the same fee as the vehicle which travels 3000 miles a month, and we have many vehicles in New York State which travel 3000 miles a month and more.

The agitation we have had in New York State at the present time, and for the last year, for an increase in registration fees has stemmed from a group of high-mileage operators who can afford to pick up an initial standby fee, perhaps very high, and it has been what we have considered as a disadvantage in the weight-distance tax, which falls very oppressively on the type of operator who does not obtain that type of mileage.

We studied receipts, gross and net, and we found that by and large the gross receipt tax reflected highway use to a very, very slight extent. We found the gross receipt tax penalized the carrier who hauled

a high-valued although perhaps light-weight cargo, and we found that net receipt tax penalized efficiency in operation.

If we were to levy the tax on the net receipts, we found we would be penalizing the carrier who had introduced a maximum degree of efficiency into his operations to show a profit, would simply be taxed in a higher degree by the use of the net receipts tax.

We studied the ton-mile tax -- and I would like to make this point, which I have been trying to make ever since 1949 in New York State, and most of the rest of the States down there.

As I have already said, there is a great difference between the ton-mile tax and the weight-distance tax. The ton-mile tax has two variables; it has weight and it has distance, and although we find -- and we are more convinced than ever before -- that any tax to be equitable has to include both factors, that is, it must reflect both weight and distance.

In the ton-mile tax, having two fluctuating factors, we have problems which are practically insurmountable from the standpoint of administration and enforcement. In the weight-mile tax, every time a bag of sugar is thrown off, you have a change in your

tax structure.

The history of the ton-mile tax in New York has been very, very bad, and although the trucking industry in the United States does not always care to make a distinction between the "weight-distance tax" and the"ton-mile tax", there is one case of the weight-distance tax, with the declared maximum gross weight, and the fluctuating factor, which is, of course, your mileage.

We studied these taxes I have mentioned, and every other conceivable form of taxation which had ever been tried or practiced in the United States, and we considered, in theory, the future of these taxes, their deficiencies, their inadequacies in some respects and if we were going to cling to our idea that inasmuch as highway revenue was needed for roads, and that need is dictated by highway use, highway damage and highway costs. we decided that any tax to cover that need must reflect the same factors, and we realized we could not devise a perfect tax, and that we did not have one with the weight-distance tax.

In studying the Oregon weight-distance tax, which had been in effect out there since 1934, and which offered the greater possibilities for development of a revenue measure which could be administered, and

which had had some good experience in Oregon, and which would include the factors we felt were essential for highway taxation, that it would not necessarily be in the interest of simplicity of administration to entirely compromise these principles, which we thought were important.

I went out to Oregon a number of times over a period of a year and a half. The members of our State Tax Department, Planning Department, and people who would have the ultimate responsibility for administration, made several trips out there.

We found that although there was a great difference between the State of Oregon and the State of New York, we were warranted in at least experimenting with the weight-distance principle for New York.

The weight-distance tax, of course, incorporated the declared-maximum-gross-weight principle, which was a great departure for a tax basis from the unladen-weight principle, which I have previously mentioned.

The maximum declared gross weight is that weight of a vehicle plus the weight of the heaviest load the vehicle will carry. That may seem extremely arbitrary, but we had a great deal of difficulty -- are still having it -- in convincing the trucking industry that it is a fair tax basis, but it is the

heaviest weight of the vehicle for which we must build our roads, even though a vehicle may have a maximum gross weight which is used only half a dozen times during a year, and during the rest of the time, he may use a weight which is considerably less than the heaviest weight for which we make our roads available, and for which our roads must be maintained, because when a vehicle carries its heaviest weight, we cannot roll up the road and make it available for the next time he has to use it. We have to keep the roads available, and that is the theory in highway financing, which you will find referred to as the "availability theory".

We had certain problems when we adopted the weight-distance tax in 1951. We had the problem of adopting the Oregon tax for New York State purposes. But they had had good experience in the State of Oregon. In Oregon, they exempted all vehicles up to a gross weight of over 4,500 pounds. New York State has about four times as many vehicles as the State of Oregon, and it became obvious from the beginning if we were to experiment with this tax in New York State, we must have a more selective group, and must narrow it to what could almost be considered a "pilot group".

We found, in view of the fact that it was the

heavy commercial vehicles which were responsible for the great lack of equity in our highway tax structure, that it was the heavy commercial vehicles upon which we must concentrate to recover taxes. Instead of making our original limit for this tax at 4,500 pounds, We start at 18,000 pounds. A great many of our engineers who have studied the subject have determined that it is a very logical breaking point. They use the 18,000 pounds demarcation, as the point of distinction between a heavy vehicle and a light vehicle for engineering purposes, and, therefore, we did for tax purposes.

Because we had a far greater number of highway miles in New York State, we realized we would have an enforcement problem, which Oregon did not have.

Oregon is bounded on the north to a very great degree by water; it is bounded on the west by water; it is bounded on the east by a mountain range, and its main highway system, in contrast to New York, runs only north and south.

New York State is what we call a "griddle" state, that is, it is griddled vertically and laterally by a very complex system of highways. We are bounded by five states. We have something approaching 250 main points of ingress and egress on our boundaries,

and from a physical standpoint, it was very obvious from the beginning we would have a problem in enforcement which was not encountered in the State of Oregon.

In addition, the State of Oregon had been conditioned to weight enforcement. The trucking industry in New York State paid practically no attention, as far as enforcement of weight limits was concerned, and it was a very great hurdle we had to overcome in the beginning to educate them to the idea of having weight enforcement for tax purposes, and operation purposes, that is, enforcement of the axle loadings and enforcement of the gross loadings, because I am sure you realize how much concerned we were -- particularly in connection with the so-called "gypsy operators" -- with overloading beyond the safe point at which the vehicle should be loaded.

We worked very hard to adopt the Oregon statute, and we ran into a number of pitfalls from the very beginning and we realized that although the principle of the weight-distance mile was unrealiable -- and we felt very strongly at that time that it was, and it is even more so today -- there would be defects or "bugs" in the statute, which only experience would show.

Another one of our problems in the beginning was the apathetic attitude of our own tax administration

in New York. As the trucking industry had been conditioned to a lack of attention to weight enforcement, with all respect to our tax officials, they had been conditioned to the simple taxation of motor vehicles, that is the gasoline tax, which was easy to collect, and the registration fee, which was also easy to collect, and we found they were something less than enthusiastic about the idea of undertaking a very unique, and a very challenging and demanding tax method.

There were a great many factors in the beginning of this situation, as we set up the tax in 1955, which were very discouraging. One was the attitude of the administration, which had this tax more or less forced down their throats; the resistance of the trucking industry, and so forth, but we have a redeeming factor, at least from a standpoint as far as moral support is concerned, in the fact that the public, the average tax payer, in New York, was very much in favour of this tax.

In our studies in New York State, we found two rather interesting things. Because of the lack of equity in our tax structure, we found that on a ton-mile basis -- that is, the movement of one ton one mile -- we found that a vehicle, having a gross weight of 60,000 -- taking one of our typical tractor-

trailer vehicles -- was paying to New York State highway revenue of about 5 cents for 100-ton mile use.

We found that our passenger car operators were paying about 25 cents to the State of New York, for the same unit of use.

We found subsidies, which were very undesirable in New York State, existing at three levels. We found this subsidy of these commercial vehicles by each passenger car operator; we found a further subsidy of the heavier vehicles by the lighter vehicles, to the extent that the heavy vehicles in New York State were paying the third lowest tax in the United States, and the light-weight vehicle, such as a pick-up or an agricultural panel truck was paying the third highest tax in the United States.

We found another subsidy which was at least equally as disturbing, and that was a subsidy for out-of-state vehicles by our own vehicles.

Because of our inadequate tax structure which existed at that time, which was composed primarily of registration fees and gasoline tax, out-of-state vehicles -- and we have found there are about 175,000 of them using our roads every year -- were paying little or nothing, although they were of the heaviest types. 90 per cent. of the out-of-state vehicles using New

York roads were tractor-trailers, and yet, because of the reciprocity which New York State offers to other states, these vehicles paid no New York registration fee, and because of the auxiliary gas tank -- what we call the "saddle tank" -- it permitted them to buy their gasoline in the low-cost tax states, such as Ohio and New Jersey , and they were able to come in at the western boundary of our state, say at Buffalo, and go all the way to New York, and all the way back again, without paying the State of New York a penny in gasoline tax or registration fee.

So the third we found was the subsidy of these out-of-state vehicles which do as much damage, and require as much cost, as far as construction is concerned, and even more so because their average mileages were higher than that of the New York State vehicles. So we had, in theory at least, to foot the bills of what might be considered competitors coming in from out-of-state areas.

So we had the three subsidies, the commercial vehicles being subsidized by the passenger cars, the subsidy of the heavy vehicles by the lighter commercial vehicles, and the subsidy of out-of-state vehicles, being paid by resident vehicles.

In 1951, which was the year we adopted the

weight-distance tax, we began by revising our system of tax registrations for weights, which were on the maximum declared gross weight basis. That was quite a hurdle. We had been conditioned to pay the fee based on the weight of the unladen vehicles operating on our roads.

We reduced the rate from 80 cents to 50 cents per 100-weight, on the maximum gross weight. In other words, when a carrier in New York registered his vehicle, beginning in 1952, instead of paying 80 cents on the unladened weight of the vehicle, he had to declare the heaviest weight he expected to use for that annual period, and pay it on the basis of 50 cents per 100-weight.

Under our statute -- and I may put it this way, that even to my own ears, it sounds as if it was done rather casually and quickly, but it was not. It was a long-range proposition, and we went into a matter which was very alien -- or foreign -- to a great many of us, and I even include myself in that category.

Our attention was rather forcibly drawn to diesel engineering, and we found that another factor which had contributed to our lack of equity in New York State was that we were taxing diesel vehicles on the same basis as gasoline vehicles, in spite of the

fact that diesels obtained up to 50 per cent. greater operating efficiency over gasoline, and we found we were losing a tremendous amount of revenue in that respect, because by the reduced mileage and gasoline consumption, and the increased mileage of diesel vehicles, the owner of a diesel vehicle might easily be paying half, or perhaps less than half, of the fuel revenues to the State of New York than an identical vehicle using gasoline would pay.

The weight-distance tax, as I have said before, is very unique, and it is difficult to the extent that it is self-assessed.

The trucking industry in New York State, and in other states, is not enthusiastic about paying taxes as their initial brief said, and the initial point they made was that they were already paying enough taxes, and we were not justified in increasing their taxes, no matter how we did it. We found, as we narrowed down the weight-distance tax, that they fought it in New York State, and said they would be willing to settle for almost any other type of tax, but at the same time they were fighting the adoption of this tax in New York, they were fighting increased registration fees in Illinois, they were fighting increased taxes in Texas, they were fighting increased

taxes in Virginia, and they were fighting increased taxes in California, they were fighting the ton-mile tax in Kansas, and were fighting the increased gasoline tax in Ohio. There did not appear to be any type of tax they did not resist. They will fight most vociferously the taxes which are at hand.

THE CHAIRMAN: I think that is true of all of us.

THE WITNESS: I suppose if I was in the trucking business, I would do the same thing.

We have never ceased quarreling with them, and it has been a perpetual battle of wits, and getting the tax on the books in New York State was a minor skirmish compared to what took place to keep it there, because the trucking industry became very revitalized, from an organizational standpoint, and they are in better shape now to fight it.

We took them unawares in 1951, but they put up enough of a battle in 1951, so that our Governor in the Senate Chamber in the State Capitol had denounced this as the "second most vicious lobby he had ever encountered in public life", but the intensity of that battle was practically nothing compared with what it has been since that time.

There is a reason for this. The New York

State experience with this tax -- which a great many people thought was sure to founder -- has been watched very carefully by other state governments, which apparently feel if this tax succeeds in New York State, with our tremendous number of vehicles, and our extremely high number of highway miles -- that a tax which would hold up in New York State would hold up any place. I think that is true.

For that reason, the National Trucking Association, which wasthe American Trucking Association, has made available unlimited money and unlimited personnel, and made unlimited efforts to fight the New York State tax. New York State has been the battleground and they think if they can fight it in New York, and knock it off here, they will not have to go into neighbouring states to do so. Again I think they are right. But it has made a very serious situation. It has been very discouraging, and I would be much less than honest if I came to Toronto and said we have no problems, because we have, and we have been extremely discouraged, but we have been supported and buttressed by the idea that we were on the right track and that the principle we have adopted is the right principle, if we can work these little "gimmicks" out, and make the trucking industry 'lie down', so to speak, and accept the tax, as I

think we have something which is workable and productive, and I do not think the potential in New York State has been approached to any extent at all.

Perhaps I am getting a little away from my story, or a little out of order. To return to the weight-distance tax itself; it does present problems in administration and enforcement, because it is self-assessed.

We started our line of demarcation at 18,000 pounds, as I have said.

We adopted a tax rate based on the Oregon statute from the expediency of time. The rate in Oregon was the result of three years' engineering studies, and we felt that rather than go into similar studies ourselves, we would be justified in adopting the rate which existed at that time, which has incidentally since been increased over 50 per cent. Therefore, in New York, it is 18,000 pounds, and it is 6 mills additional for the first bracket, 18,001 pounds to 20,000 pounds.

That is based on actual use. Idle trucks pay no tax at all, because of our fuel-mileage factor.

We made a major mistake in the beginning, which has since been corrected, the exemption of the so-called "local vehicles", and we defined it as "those

operating in a zone established by the State Public Service Commission". This might take in -- I am not too familiar with Canada -- but it might take in Metropolitan Toronto, and probably all of its suburbs would be considered as a "Public Service Commission" zone.

We made this exemption because they did it in Oregon, but things are different in Oregon. It did not work out in New York, because we found that while the exemption applied to relatively light-weight and short-haul vehicles which were characteristic of those being used in the area, that was not the case at all. We found out that vehicles operating in the zones were doing the identical work done by the over-the-road inter-city hauler. So, in 1953, we took out the exemptions for the local haulers.

We exempt farm vehicles. We say that in New York we have a great regard for the rural areas, and the farmers, and the trucks they use, and they do not come under the statute, as far as the highway tax is concerned, because, by and large, farm hauling, unless you are getting into commercial farming, is quite different than it is for the over-the-road inter-city haul vehicle.

And we exempt government vehicles, of course.

This narrowed our pilot group.

Although we had overlooked the statistical information, which has, since the tax came into effect, been greatly improved in New York State -- we did not know how many vehicles were going to be incorporated in this tax -- and we felt that by starting at 18,000 pounds, and using this pilot group, we could find out what we had in New York State.

One of the great advantages of the weight-distance tax was that we are permitted now to get at these 175,000 out-of-state vehicles which formerly paid nothing to New York State highways, although they did a great deal of business on our roads. I do not know whether you have that problem in Ontario. I do not know how many vehicles you have coming here from other provinces, but in the States it is a great problem, not only for New York State, but other states as well.

The weight-distance tax enabled us to tax the out-of-state vehicles on the same basis as we tax our own.

The early history of this tax was discouraging, and may I say at this point that this tax while it is not a completely realistic highway tax, we think is the most realistic we could find, and I think such a

group as you have here, if you have not had a lot of headaches and problems and intimidations, you will have them, because we have had a very intensified degree of them in New York, but we are still in one piece.

Our Committee is bipartisan; we have both Republicans and Democrats in our group. No heads were rolled. In spite of the threats of the trucking industry and the recriminations, we are still in one piece.

I think some of our members -- not only our members, but some of our legislators in New York State, and we have about 200 down there -- have been threatened, have been cajoled, and have been bribed, and have all the things happen to them which are characteristic when you try to tax people, but we have managed to stand up under all of it.

Our tax became effective in October, 1951, and we started off with a swirl of court litigation.

The first step of the trucking industry -- which was very indicative of what was to come -- was to take the tax to our courts, and challenge it as being unconstitutional. They did not win the case, but it required a period of a year and a half for the tax to go through our courts and up through the United

States Supreme Court, but we held it every step of the way.

They had challenged the constitutionality on four points, into which I will not go at the moment, but which can be summarized as an allegation that the tax was discriminatory.

However, they did not win the case. The tax was upheld, but it got us off to a very bad start. Many of the carriers would not comply because of the litigation. In fact, for about six weeks, they had an injunction restraining the tax department from collecting any of the tax, but New York got all its money because the collections became retroactive when it became effective again. We had difficulty in that respect. We are continuing to have difficulty, because of the divided responsibility in the administration of this tax.

This tax is not administered down there in one Bureau, but there is a Bureau which issues permits, processes applications, and collects the money and ferrets out the delinquents, and goes to court to collect delinquent taxes. The weight enforcement -- and I cannot emphasize to you too greatly how good weight enforcement is in regard to this tax -- is under a unit in our Department of Public Works, and

they do not feel they are a tax-collecting agency, and they think they should really have no part of collecting these taxes, and we have not had the maximum co-operation desired, as far as that was concerned.

Another difficulty we have had down there has been the lack of understanding and that has been on every front,so the legislators--many of them--have not understood the tax as well as they should, and they have been very vulnerable when pressure was exerted on members of the Legislature by industry, because they could not defend themselves. The attacks, as I say, by industry -- and some very deliberately -- and by the personnel representatives of the trucking industry, have been very strong, and a great many of them have been rather unprincipled in that they have tried to keep industry confused.

As I say, I would be less than honest if I told you that we have not had our ups and downs. We have. We have had to maintain a constant vigil. It was not a case of getting the tax on the books, and forgetting about it, and leaving it to the administrative people, but we have had to police the administration of it.

We were slated to have 120 weighing stations

for the administration of this tax. At the end of the first two years, we had a total of 20 weighing stations. At the present time, that is all we have, so when I say the potential of this tax has not been developed, I mean exactly that. There is a potential in this tax, even on the same basis as we have it now, including no more vehicles than we have, with the same requirements we have at the present time, of at least twice what we are getting.

We have had to protect the Statute against what I would call "amateur revision". There have been many attempts made to amend the Statute in a way that sounds very harmless, but what would seem a very harmless feature, which would have no major significance as far as undermining the tax itself, can be very devestating, and we have had to fight every attempt by industry, and by some well-meaning members of the Legislature to amend it, and we have had our problems in that respect, in regard to what I call "tinkering by amateurs".

We have had chronic, unceasing, and to a certain extent, constant resistance on the part of the trucking industry. They have based their objection -- and I ask you to bear in mind they object to all taxes -- on three or four major points.

The first is reciprocity; that is, these foreign vehicles have been conditioned to come into New York State and not pay a tax, and if they have to pay it now, they say it is interfering with the proper flow of interstate commerce.

We did not agree, and the United States courts did not agree. They said that because a vehicle operated in one state, it should not be made immune from sharing the highway tax responsibility with identical vehicles, just because it happens to operate within one state.

They have made very vocal, irresponsible and inaccurate objections as to the cost of collection. I know you will have to consider that later on.

They contend, despite the fact they have been challenged, and have never been able to support the contention, that the cost of collecting this tax is about 30 per cent. The cost of collecting the tax is actually, no matter how you figure it, and no matter which way you approach figuring the cost, you cannot get it over 10 per cent. I think the actual figure works out to about 8.3 per cent.

In spite of the difficulties we have had, we have a steadily-increasing revenue pattern; we are getting better co-operation; we are going to have 22

additional weighing units in New York State, and they are in our budget for 1956-1957. We have had better co-operation, as far as what we call "road block weight enforcement", which supplements our weighing-station programme, whereby each truck is compelled to drive into a weigh station as he passes on the road. These surprise road blocks have had one good result. In the five months operating in 1955, that is, in operating the road-block activities, the number of applications for permits for the weight-distance tax increased 25 per cent. as a result, as I say, of these road blocks alone.

I cannot emphasize to you too greatly how important proper enforcement is. It has been our experience this trucking revenue problem is more or less universal. It varies perhaps a little, as we have gone from state to state, but it boils down, in the last analysis, to the fact that we have a great many more heavier trucks than we formerly had; we have many more trucks of all kinds on the road than we ever had, and the roads we have today are not adequate, and the governments,including our Federal government of the United States, will eventually run headlong into this problem of obtaining increased highway revenues from the people who engender these highway costs.

I drove up from New York State yesterday, and on your very fine Queen Elizabeth Way, I encountered about the same number of trucks I would encounter on any typical road in New York State.

I am not entirely familiar with your highway situation here, as far as adequacy is concerned, but I would assume from the fact that you are interested in what other governments are doing, that it must be rather acute now.

I will endeavour to answer any and all questions you may care to ask, but I will make just one request, give them to me one at a time.

THE CHAIRMAN: I think, Mrs. Long, you have given us really a masterful representation of the situation.

THE WITNESS: It is difficult to cover seven years in about an hour.

My heart, and the hearts of the people who have worked on this situation, are full. We feel dedicated, and we think we have a very good project here, and I would like to give other governments the advantage of our experiences.

THE CHAIRMAN: I think before we get into the questioning, I would like to say that I hope you will not consider it an unfair advantage, but we have

prepared a list of questions, because we did not want you to go away without giving us the opportunity of getting information from you upon the things in which we are particularly interested, and in order to avoid that possibility, these questions were prepared. I think we perhaps had better suspend for a few moments, and perhaps give the reporter a "break".

---Whereupon a short recess was had.

---Upon resuming.

THE CHAIRMAN: Let us resume, if you please.

Now, Mrs. Long, every member of the Committee has a copy of these questions before him. Perhaps some of them will lead to repetition of what you have said. I think we have covered the first four questions on this sheet.

BY MR. YAREMKO, Q.C.:

Q. It is stated that government vehicles are exempted; is that for all levels of government, Federal, State and Municipal?

A. That is right.

BY MR. CHILD:

Q. Do you not receive compensation from them by way of grants for highway construction?

A. We receive Federal aid.

Q. But you must have some concessions?

A. It has no relationship to this at all. We feel when government taxes its own vehicles, it is only taxing itself. It is a very unnecessary situation, and we exempt all government vehicles,including vehicles under contract to the United States Post Office.

BY MR. REAUME:

Q. If the Federal government did not pay up a portion of the cost, you probably would tax it?

THE CHAIRMAN: Our Federal government pays nothing.

THE WITNESS: I read that in this morning's Globe and Mail, and I was really surprised.

In New York State, we are greatly dependent on Federal aid. Actually, New York State does not begin to get back in highway money what it pays to the Federal government in taxes. It is the same old story. We have to subsidize some of our less prosperous states, whether it be Federal aid, taxes on highways, or anything else.

We do not make out very well when we participate in this Federal aid project.

THE CHAIRMAN: We have heard that in this province, too, Mrs. Long.

BY MR. AULD:

Q. Of the two you mentioned, Mrs. Long --

A. I will have to confess that my knowledge of the Ontario government is perhaps much less than your knowledge of the New York State government. This is my first visit to Toronto, although my home is in Rochester, and I have no excuse for not having been here before. In fact, I think I am about the only person in western New York who has not visited Toronto. I am ashamed to admit it.

Q. Well, Mrs. Long, we hope you will come back.

A. I certainly shall. I am very impressed.

BY MR. ROOT:

Q. You mention in No. 4, "Farm Trucks". Do you mean farm trucks only, or farm-service trucks?

A. We define a "farm truck" -- I have brought some copies of the law and the regulations -- as:

"A vehicle owned by a farmer" --

I am giving you only a very elementary definition --

"-- which is used in hauling the products of his own farm, or in hauling the goods from a farm immediately contiguous to his own."

The farmers in New York State have a sort of reciprocal arrangement, "you haul my pulpwood in September, and I will haul your peas in June". It is kind of a neighbourly arrangement, and we have attempted not to interfere with that in this tax, and

not classify this operation as a "for-hire operation" to bring it under that tax, and so, as I say, we have defined a farm truck as:

> "A truck owned by a farmer, and which is used in hauling the products of his own farm, or in hauling the goods of a farmer on a farm immediately contiguous to his own".

He cannot go any further than the contiguous farm, in either direction.

Q. Along that same line, have you many business communities in New York State which have no alternative transportation system?

In Ontario, there are many business communities which depend solely on trucking, and I am wondering whether this tax would put those communities in an unfavourable position.

A. No, as a matter of fact, it does not. I was proceeding rapidly, and I may have given the impression that we did not look into some of these things.

I spent six weeks at Washington, at the Interstate Commerce Commission, which is the regulatory body for all vehicles, studying profit and loss statements of the trucking industry, and also I spent some time at the offices of the Federal Trade Commission studying its profit and loss statements regarding the trucking

industry, to ascertain if the industry could absorb this tax, and to ascertain whether it would represent any hardship on the trucking industry by paying this tax.

I found, as did the people who work with me, that this would not be at all oppressive. As a matter of fact, I think we found that even if the trucking industry were to pay up these taxes, and pass it on to the consumer -- which it has not done, because they have been well able to absorb it -- it would represent on a $10. commodity only about one-quarter of a cent.

Q. This weight-mile tax has been absorbed by industry?

A. To a certain extent.

Q. Has there been any increase in the rates?

A. The Public Service Commission did give them a slight increase, which they claim far exceeds the amount of the tax. They got a bonanza in that respect.

But the Interstate Commerce Commission, which controls the operations of vehicles between states, turned them down flat, and said it was so inconsequential, that there was no justification for it at all.

BY THE CHAIRMAN:

Q. You have rate control within your own state?

A. Yes, we have rate control within our own state,

and the vehicle pays to operate in the state, and the Federal government, through the Interstate Commerce Commission, has rate control over vehicles operating between states.

This brings us to the point that there are 66,000 vehicles in New York State which pay a tax of less than $5.00 a month. There are 11,000 vehicles, on the average, which pay a tax of less than $2.00 per month.

This tax is not oppressive. In fact, the trucking industry will admit that, collectively and individually. Their hue and cry has not been -- and they could never have substantiated it -- that they could not afford to pay it; they have objected to it because of the record keeping which was involved, and because they felt it was just a darned nuisance.

They have said some outrageous things, but never that the tax was oppressive.

BY MR. MacDONALD:

Q. What validity is there in the claim that there is difficulty in record keeping?

THE CHAIRMAN: Perhaps Mrs. Long could go into that factor a little further.

THE WITNESS: I think I omitted one thing when I said we made some mistakes in the Statute.

One serious mistake which was made -- and I hope if you ever adopt anything similar to this, you will not make this one -- was that the trucking industry succeeded in getting an amendment to the tax law in 1951, which provided if a vehicle was totally unladen, and had no load whatever, it could pay the rate based on the weight of the vehicle alone.

A vehicle has two statuses, and only two. It is either totally unladen and pays the rate, or it is totally laden, and pays the rate on the laden weight of the vehicle. There is no in-between. They insisted on that as a group. In fact, they have been a very vocal and somewhat vociferous group of oil haulers, the so-called "one-way haulers" and they had pressed for the amendment and succeeded in obtaining it.

It is very unfair, because the tax rate is adopted from the Oregon Statute, and takes into consideration that any given vehicle is unladen part of the time.

Ours was the result of three-years' study on their part, and they found the railways have a gross operating weight based on 32,000 pounds, but were only laden 67 per cent. of the time, and so on, in various weight categories.

So when the one-way hauler, primarily the oil people, abetted by the commercial milk haulers, which they say is also a one-way operation -- when they succeeded in obtaining the amendment, it was unjust, and it created a record-keeping problem in regard to the tax, which would not have been there otherwise for the operator who does not have a one-way operation.

In addition, there were the gasoline tank trucks which go, for instance, from Buffalo to New York, and have to return light. There is nothing else you can put into a gas tank vehicle.

So the trucking industry was responsible for that feature, and that is the only feature in the tax which keeps it from being a mileage tax, pure and simple. We have to distinguish now between "totally laden" and "totally unladen" hauls.

If you think it is germane, I will be glad to go into what constitutes a "laden" and an "unladen" vehicle.

Had it not been for that particular feature, a carrier would start out with a tax rate, for instance, 6 mills for 18,000 pounds and up to 20,000 pounds, and it would be a matter of keeping mileage.

In the beginning, the trucking industry threw

up its hands in horror and said, "We cannot keep records like that". So it required an adjustment for some of the small operators who were used to keeping business records on the back of a package of matches or the corner of a piece of paper here and the corner of a piece of paper there --

MR. AULD: Or on a cigarette box.

THE WITNESS: Yes. The trucking industry operators said they never kept any records at all.

However, after all, carrier operators in New York State have been required to keep records for the Public Service Commission. They have had to file their mileages. And all vehicles operating in interstate commerce, are obliged to keep records for the Interstate Commerce Commission. This provides that carriers, other than those who had been doing business out of their hats, had to keep records for mileage tax purposes.

How can a legitimate truck operator know whether he is making any money or not, or have anything im the way of marginal operations, if he does not keep a record?

Therefore, we did not think the argument in regard to the keeping of records was very valid.

They have projected anything they can lay their

hands on, and everything has to be carefully scrutinized, because their contentions may be one thing, but the truth can very frequently be something else.

As far as record keeping is concerned; that is something they brought on themselves; they demanded it, and this distinction between laden and unladen mileage would be a matter simply of speedometer reading.

BY MR. MacDONALD:

Q. Have you adjusted the rate to counter that adjustment?

A. We have tried last year, and have tried again this year, and we think we will get that unladened factor removed, because industry is beginning to realize the importance of it. You have to get them on the highways to have them admit it. We find that industry will admit many things about themselves when away from the administrative executives.

THE CHAIRMAN: It sounds like a labour union.

MR. MacDONALD: Like the Medical Association.

THE WITNESS: You will find there is a good deal of agitation, as a result of people trying to keep their jobs. It is like labour; they have to keep the industry in a turmoil; they cannot allow them to become satisfied, even though they found out this tax was picayune as far as it being financially oppressive;

it does not amount to a nickel, in fact, it is only half of what it should be, but where would their jobs be? It boils down to that. It sounds like the old story of trying to keep the lobby in business, and support the American Trucking Association, and keep it in existence. Why, their official organ has grown since 1951 from a four-page publication to 54, 76 and 83 pages when it comes out every week.

They simply have to keep the industry in a state of turmoil.

BY MR. MacDONALD:

Q. Have you any idea of how much the Association is putting into New York State?

A. Yes, I have some idea. We have had to resort to some of the devices of the trucking lobby. This sounds like something right out of Scotland Yard, some of the steps we have had to take to get information to keep ahead of them.

We keep the identity of a couple of members of our staff unknown to the industry. It sounds very "cloak-and-daggerish", in order to be able to send them into meetings, and a couple of months before our New York State Legislature convened in January -- it was on the 29th of October -- they had a mass meeting in Syracuse. Fortunately, they were a little naive.

I do not think if I worked for the trucking industry I would get up and say publicly some of the things they said, as they outlined their procedure for the forthcoming Legislature at this meeting, and they made the statement that the goal of the New York State Association -- the financial goal for the forthcoming session -- to finance the effort to repeal this tax, was$180,000. That was for the New York State Association, and they made it clear, if that goal was not obtained, and if any more money was needed, it would be available from the national organization, and would be unlimited.

As I have said, New York has been the battle ground, because the American Transport Association felt that out of the battle they won in New York, in the longrun they would save money, because they would not have to spend it elsewhere. So we have been up against very high finances. I would say that in the last Legislative session, the trucking industry spent at least $250,000 and they did not get the tax repealed, in fact, they did not make much progress at all.

BY MR. ROOT:

Q. There is one point about which I would like to ask a question. We have a problem in Ontario.

We have a Statute whereby trucks are restricted to half-loads for certain periods, un account of the frost coming out of the ground. In northern Ontario, I am told it runs as high as five months in the spring and fall --

A. Our arrangement down in New York is a little more flexible, and on our main arteries, unless there is a bridge washed out, or something of that nature, there is practically no restriction.

In the spring of the year, what you call the "frost period" --

MR. MacDONALD: We have a "Frost period"all the time here.

THE CHAIRMAN: That remark was caused because our Prime Minister's name is Mr. Frost. I may say that Mr. MacDonald is a member of the opposition Party.

THE WITNESS: Down there we have more flexibility. Both the State and County governments have the authority to restrict sections of highway to certain weights, whatever they feel the conditions of the roads warrant.

BY MR. ROOT:

Q. That is the point. Do you adjust your tax when, by Statute, they are restricted?

A. No, because the tax is based on the maximum

declared gross weight, for registration purposes, for an annual period, for the purpose of the weight-distance tax, until such time -- our carriers are allowed once a year to go in and reduce their maximum declared weight. Of course, they can go in at any time and increase it.

Q. Then all the people who are unfortunate enough to be operating on the secondary roads will be penalized --

THE CHAIRMAN: No, because you could go in and reduce the maximum declared gross weight, and when your half-year period is over, you could go in and increase it again.

THE WITNESS: You are only allowed to decrease it once a year, but you can increase it at any time. If that were not done, you would have them going in every week, and reducing their gross weight, depending on what they might be hauling at the time.

That goes back to the "availability theory", and we have the availability rate for the maximum load.

BY MR. MANLEY:

Q. What method do you use for the out-of-state vehicles coming in?

A. They are taxed on exactly the same basis. They pay on their New York State mileage, from the time they come in until they go out. If they travel

100 miles, they pay the same rate, and if they travel 60 miles or 6 miles, they pay proportionately.

BY MR. MacDONALD:

Q. Do all the states register on an unladen basis?

A. No. I think there are only three. New York has the reputation for being a pioneer state, and rather advanced in its governmental procedures. Until 1951, it was one of the five remaining states where the taxes held, and we feel it is very unrealistic to put it on a unladened basis.

BY MR. CHILD:

Q. How do you know how many miles a truck travels in your state?

A. He has to keep a record.

Q. You rely on the honesty of your truckers?

A. We rely on the truckers, until they are audited.

BY MR. COOKE:

Q. To that extent, you do not rely on the truckers' honesty? In certain other states, one of the functions of these weighing stations was to report where a vehicle was on a certain time on a certain day, and I understand in Oregon this information was made available to the auditors, so it does act as a check

on an operator's honesty?

A. Oh yes. Our weighing stations submit daily reports to the truck mileage Tax Bureau.

In spite of the fact that we have only 20 of the 120 weighing stations which we were promised, we have the situation of having very good control, and through our field auditing staff, and our desk auditors, there is not as much evasion as you might expect, except the under-reporting of mileages by some of our bigger operators.

I have not, once again, the records of our weighing stations, but we can ask the operators to produce their gasoline tax receipts, bills of lading, and a great many papers which are incidental to trucking operations. Then we clear them through our Public Service Commission.

For instance, a carrier might report 600 miles on his tax return, but if he shows 800 miles on the report he makes to the Public Service Commission, eventually somebody will catch up with him.

The psychology has been very interesting. Wherever they have "cracked down" and publicized it -- and this is important -- if they have gone in and audited and uncovered quite a serious violation, it has the effect of making the carriers get into line, and

we have found that half a dozen rather spectacular cases have had an excellent psychological effect.

Once they get the idea they are going to be audited and the discrepancy in mileages might be noted, and they may be picked up by our State Troopers, or run into a mobile weighing station -- well, they are learning fast --

BY MR. MacDONALD:

Q. I presume the penalties are very severe?

A. Yes, the penalties are very severe.

If a truck has been issued a permit for a maximum declared weight of 40,000 pounds based on that weight, and he is picked up at a weigh station or a road block, or if there is anything to indicate, through auditing, that he has had a heavier load on the vehicle than the 40,000 pounds, he is not fined -- he is not given a one-shot fine for that -- but the tax is made retroactive for about three years.

If he had been assigned the 40,000-pound tax rate, and had raised the load to 50,000 pounds, he not only would have to pay the forward tax based on 50,000 pounds, but would have to pay back for about three years' operation. I can assure you that is quite a deterrent.

BY MR. CHILD:

Q. We have a maximum load weight for our highways. Supposing a man goes 20,000 pounds over the weight, and is out of the weight bracket --

A. That does not make any difference. At the present time -- and it is increasing every year -- we have about 15,000 vehicles in New York State which operate regularly on a special permit from our Department of Public Works for weights in excess of those specified in the vehicle or truck law. They have to apply for such special permission, and pay treble the fixed rate.

Probably you could put 80,000 pounds or 100,000 pounds on a thruway, and it would not cause any road damage, but put that same weight on a county road, or even on some of the state roads, it would be quite a different story.

As I say, there are at the present time, about 15,000 special permits issued every year, for instance, for road-building equipment, and there are a number of different types of carriers given these permits, but they have to travel over prescribed routes, and are only issued special permits to do that.

The fact that our tax rate brackets go up for instance, to 76,000 pounds, and they pay, I think,

Mr. [illegible]

Q. We have a maximum local weight for our highways, [illegible] a gross of 18,000 pounds over the weight, and [illegible] of the weight bracket --

A. That does not mean any difference. At the present time -- and it is increasing every year -- we have about 75,000 vehicles in New York State which operate regularly on a special permit from our Department of Public Works for weights in excess of those specified in the vehicle or traffic law. They have to apply for such special permit [illegible], and pay for the [illegible]

Probably you could use 80,000 pounds on [illegible] 100,000 pounds on a [illegible], and it would not cause any [illegible] damage, but just what [illegible] weight on a single [illegible] or over on some of the state roads, it would be [illegible] a different thing.

Mr. [illegible]: Since [illegible] the present [illegible], about [illegible] conventional equipment, and [illegible] a number of different types of equipment [illegible] have [illegible], for [illegible] have to travel over unprotected roads, we [illegible] [illegible] equipment, [illegible] to do that.

The [illegible] the [illegible] [illegible] 18,000 pounds, [illegible] I think,

5.38 mills, plus 2 mills for every 3,000 pounds over that weight, does not countenance nor permit a vehicle to operate on our highways in excess of our weight limits.

We have a practical gross weight limit of 62,250 pounds in New York State. The fact that he is issued a permit, and will pay a tax on a special rate, does not give him permission to operate within that tax rate. There is a special permission to carry weights beyond the 62,250 pounds, but the tax permit itself is not a permit for tax evasion.

BY MR. AULD:

Q. He would still have to get a special permit?

A. That is right.

Q. I believe the 62,000 pounds is based on a certain number of axles?

A. It is the gross weight on a multiple-unit vehicle. The average single unit would not have the capacity for carrying 62,000 pounds, nor anything approaching it.

Q. What I meant was that in your State, the weight limits are based on axle limits?

A. We have an axle limit, and a gross weight limit. We have some of the most liberal weight limits in the United States. We have a 22,400-pound

axle limit which compares to the recommendation of our New York government. Our Bureau of Public Roads, and our Association of State Highway Officials, recommend 18,500 pounds. New York State allows 22,400 pounds.

We have a limit of about 38,000 pounds on a single unit.

Q. Speaking about the Interstate Commerce Commission, Mrs. Long: a vehicle which has an Interstate Commerce Commission license -- do they require them to also carry registrations in the various states in which they operate, or would they only have to be registered in their own state?

A. It has nothing to do with state registrations. It is an operating rate.

Q. That is a question between the various states?

A. That is right. The registration for commercial vehicles has undergone quite a definite evolution over a period of time.

The registration fee, at the beginning, was simply an identifying fee; it did not pretend to extract compensation for highway use.

It originated back in 1918 or 1920, when there were not many commercial vehicles, and they were all about uniform in size. It did not pretend to reflect local use.

axle limit which compares to the recommendation of our New York government. Our current of Public Roads, [illegible] 18,000 pounds. New York State allows 22,400 pounds.

We have a limit of about 24,000 pounds on a [illegible] axle.

Q. Speaking about the Interstate Commerce Commission, Mrs. Long: a vehicle which has an Interstate Commerce Commission License -- is that required when to also carry registrations on the various states in which they operate, or what. Do they have to be registered in their own state?

A. It has nothing to do with where is licensed. It is an operating rate.

Q. That is a question concerning the vehicles [illegible] commercial vehicles has to pay a [illegible] apportion over a period of [illegible].

The registration fee, in the [illegible], we classify an identifying fee. It did not produce [illegible] compensation for highway use.

It originated back in 1917 or 1920, when there were very commercial vehicles. We then [illegible] about twelve in size. It [illegible] [illegible] [illegible] use.

Many states have revised their registration fees to reflect highway use. We have, to a certain extent, in New York State.

We are in between the states which extract a nominal $10.00 registration fee, such as, I think, New Mexico, and the state of Illinois, which I think gets its revenue from registration fees and the state gasoline tax.

A 60,000-pound vehicle in Illinois would probably pay $3,000 a year registration fee. New York State is between those, where we have a hundred-weight fee.

THE CHAIRMAN: We have about another five minutes before going down to the Royal York Hotel for luncheon, and then we will come back here this afternoon and carry on.

Has anybody anything they would like to ask Mrs. Long, perhaps for the next five minutes?

BY MR. MANLEY:

Q. Mrs. Long, I gathered from your remarks this morning that you have about three departments of government involved in the collection of taxes. Is that not rather awkward?

A. It certainly is, and we are going to correct that.

[illegible]

[illegible]

We are in between big, [illegible] water [illegible]

[illegible] $40,00 regulation fee, such as I think, New Mexico, and the state of Illinois, which I think [illegible] the revenue from regulation fees and the state gasoline tax.

A 60,000-pound vehicle in Illinois would probably pay $3,000 a year regulation fee. The [illegible] difference between those. Where we have a [illegible] [illegible] fee.

[illegible]

[illegible] before going that to the Legal Task Force for [illegible], and then we will come back here to [illegible] [illegible] on.

[illegible]

[illegible], long [illegible] for the very fine [illegible]

MR. MR. MARTIN:

[illegible] Mr. Chairman, I [illegible] from your [illegible] [illegible] [illegible] you have [illegible] [illegible] [illegible] involved in the [illegible] [illegible]. In [illegible] rather [illegible]

[illegible] It [illegible] is, and so [illegible] [illegible] [illegible].

The reason for that is the Tax Department never had any experience in weighing vehicles. Vehicle weighing for tax purposes is not so bad, but one of the functions of the weighing stations has been to enforce our state weight limit, which has actually nothing to do with the weight-distance tax law.

We have a so-called "Bridge formula" for our gross weight registrations for multiple-axle vehicles, which is rather technical, and which I might not be able to explain in too much detail in a short time. It concerns the number of inches between axles. As I say, it is very complicated, and I shall not attempt to explain it specifically. I think there are only about 20 people in the State of New York who understand it, but it is based on the number of inches between axles, multiplied by a factor related to the number of pounds allowed per inch of rubber. It would be very difficult for tax personnel who know very little about trucks to begin with, to carry out that weigh-station function.

The Tax Department was not happy about this tax. They were much more content to collect registration fees and gasoline taxes.

They insisted that the weight enforcement personnel, which had some experience with weighing, should be responsible for the enforcement of weights,

therefore, we set up a unit within our Department of Public Works -- which is the department which builds and maintains our highways, and has concerned itself with vehicle weights -- as I say they insisted that function be turned over to that department.

We have now had enough experience to feel that the truck-weighing functions, and the operations of the weighing stations should be incorporated into the Truck Mileage Tax Bureau which will maintain it.

This will take a year or so, and it has been a very distinct disadvantage not to have the enforcement of this tax consolidated into one single unit, because we have had a great deal of "passing the buck" so to speak.

We wanted the Public Works officials to better "crack down" in regard to enforcement, but they say they do not have the police powers, and they depend on the State Police, which is already under-staffed, and "bogged down", and have enough work to do anyway. Other functions have to be supplemented for the State Police.

Then probably we will go after the inadequate weight emphasis in our Tax Department, the Truck Mileage Division, but they will probably say, "That is not our concern; that is the responsibility of the Department

of Public Works".

I think the day will come if we hang on to our tax -- and I think we are going to , because it is beginning to justify its existence -- when we will get all of these things under one roof, and have a much better situation.

I will not recommend to anybody -- if such a thing is to be gone into, and if they are entertaining the idea of setting up such a tax -- that they split the responsibilities, as was done in New York State.

To some extent, we have been the guinea pigs; we have made some mistakes, but they have been inevitable mistakes.

Speaking of road weights; I had a little to do with the axle-mile tax they have in Ohio, although I am not too proud of it. At the request of Governor Lausche of Ohio, several times, I enquired into this matter, and I found that because of the political situation out there, where they have a Governor who is a Democrat, and a Republican Legislature, the Republican Legislature decided if Governor Lausche wanted the weight-distance tax, they would not have anything of the kind; they would have something which would be similar to it, but they would not call it the "weight-distance tax", but something else, and they would put in just enough to

differentiate it from the weight-distance tax, so they could claim that Governor Lausche did not have his own way. This had a very ridiculous feature in regard to one point of differentiation in regard to the axle-mile tax.

Any student who has studied even elementary physics, has found that the more axles you put under a vehicle, the less highway damage it does. It is a matter of simple physics. If you have a 40,000-pound maximum gross weight, you have less highway damage if you put three axles under that vehicle, than if you have a 10,000-pound weight with two axles.

Out in Ohio, they penalized the carrier who is operating with a three-axle vehicle, but if an operator carried 40,000 pounds on a two-axle unit, he does not have to pay the tax, but the operator who used a tandem-axle vehicle and saved the state of Ohio all kinds of money in regard to road damage, is penalized, and has to pay the tax.

BY MR. AULD:

Q. You said a "tandem-axle vehicle". That is three axles?

A. Yes.

THE CHAIRMAN: Well, shall we break off now?

As a matter of interest, may I say that we

have 23 weighing stations in the province now, and probably 32 others are in the planning stage.

MR. MacDONALD: I have one or two questions I would like to ask regarding the weighing stations.

THE WITNESS: Our trucking industry in New York State was spoiled terrifically. They had no regulation that they had to drive into a weighing station to be weighed.

At the time of the beginning of our studies in 1949, our weighing stations consisted of six boards at a scale which would weigh one wheel at a time. So you can see we have really "started from scratch".

BY MR. ROOT:

Q. I can see how it would be fair to penalize them for three years if they put on over-loads, if they knew it --

A. They knew it alright.

Q. I have been a livestock trucker, and have been punished for over-loading. If you put on ten steers, you are expected to know what they might weigh, but I went down to Hamilton on one occasion, and my gross weight went up 1700 pounds.

A. We have this 2,000-pound bracket, which gives a great deal of leeway.

Q. You have something there.

A. Our weighing station people have had it drilled into them constantly to use common sense.

For instance, if in the middle of January you have snow and ice, which can add to your weight by a surprising amount, as you know, we have some tolerance for that. Common sense should prevail.

But where you have a flagrant violation where a man declares his vehicle for 40,000 pounds, and we catch him with 50,000 pounds -- well, you know better than that, about your operations. Any carrier who does not, should not be in the trucking business.

Q. How about hauling green logs and pulpwood?

A. The carriers take advantage of the law for the 2,000-pound increases, and they figure it is a great deal cheaper to pay the 7 mills to allow for the possibility of an increased load, than to take the chance of running with the lower declaration and getting caught, and having to pay on a three-year basis.

There again it is a matter of common sense. They know very well what they are taking out on the road. Many of the larger haulers, like the Associated Transport, when they build a new terminal, will build the scales right into the terminal. I think the General Electric have installed electronic scales.

BY MR. AULD:

Q. Of course, the presumption is that the hauler knows what weight he is hauling.

A. Yes, I would presume so.

THE CHAIRMAN: We will adjourn now, and go down to the Royal York for lunch, and return here at, shall we say, 2:15 this afternoon.

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---Whereupon at 12:05 o'clock p.m., the further proceedings of this Committee adjourned until this afternoon at 2:15 o'clock.

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AFTERNOON SESSION

Toronto, Ontario,
Tuesday, May 15th, 1956,
2:30 o'clock p.m.

- - - - -

The further proceedings of this Committee reconvened pursuant to adjournment.

Mr. J. P. Robarts, Q.C., Chairman, Presiding.

PRESENT:

Messrs. Sandercock,
Mackenzie,
Root,
Auld,
Child,
Yaremko, Q.C.,
Manley,
Reaume,
MacDonald

Mr. D. J. Collins, Secretary.

APPEARANCES:

Mr. W. Macnee,	Traffic Engineer, Ontario Department of Highways.
Mr. A. G. McNab,	Registrar of Motor Vehicles, Ontario Department of Highways.

Mrs. Winnifred Long,	Tax Official, State of New York.
Mr. R. C. Cooke,	Ontario Department of Economics.

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THE CHAIRMAN: Ladies and gentlemen, let us resume. We have a quorum present, so we can proceed.

MRS. WINNIFRED LONG,

Tax Official, State of New York, re-appearing before the Committee, but not being sworn, continues her deposition as follows:

THE CHAIRMAN: Mr. MacDonald, I think you had some questions you wanted to ask?

MR. MacDONALD: Yes, Mr. Chairman.

BY MR. MacDONALD:

Q. I was interested in the fact that of the 120 weighing stations which were envisaged at the outset, in New York, you had only built 20, and a prospect of 22 more.

A. Yes.

Q. Do you now consider that you over-estimated the 120 or not?

A. No, we did not. As a matter of fact, the lag -- the difference -- between the 100 and the 120 is the only reason why our tax has not produced the

THE CHAIRMAN: Ladies and gentlemen, let us resume. We have a quorum present, so we can proceed.

[illegible]

The official, State of New York, re-appearing before the Committee, but not being sworn, continues her deposition as follows.

THE CHAIRMAN: Mr. McDonald, I think you had some questions you wanted to ask?

Mr. McDONALD: [illegible]

BY MR. McDONALD:

Q. I was interested in the fact that of the 120 violating abattoirs which were examined at the time, in New York, you had only until 20, and a prospect of 20 more.

A. Yes.

Q. Do you now remember that you ever-said later 100 or more?

A. No. We did not. It is a matter of fact, that -- the difference -- between the 100 and the 120 is the only reason why we had not analyzed the

$25 million which was represented in potential.

I cannot emphasize too greatly about how important enforcement is in the United States. You cannot put too much importance on it.

That was the mistake some of our state planners made in feeling that weight enforcement was not too important, and they could simply adopt the tax, and put up a limited number of weighing stations, and let it go at that.

There have been a number of facts which have contributed to not receiving the potential; one is the lag in the weight factor, and another is the thruway factor, which is siphoning off about $1,200,000 a year that we are losing to the thruway Authority.

One of the reasons for the lack of weighing stations is poor planning, and they realize now that any investment they make in any weighing stations over the years will be recovered many times over in increased revenues.

Q. Has your experience with the road blocks led you to conclude that they might be a substitute for additional weighing stations?

A. The units we have in mind are semi-permanent.

One difficulty we have experienced in the weighing stations is that some of the carriers found

[illegible]

[illegible] in the United States. The

cannot put too much emphasis on it.

Then was the middle [illegible] of our short discussion

made in feeling that wealth enlightenment was not con-

sequent, and they could simply adopt the [illegible] and

put up a limited number of working [illegible], and let

[illegible]

There have been a number of [illegible] which have

contributed to not developing the [illegible]; one is

the lag in the working [illegible], and another is the

[illegible] Station, which is slightly off [illegible] 81,000,000

a year that we are [illegible] to the [illegible] [illegible].

One of the reasons for the lack of [illegible]

also [illegible] is poor [illegible], and they [illegible] [illegible] that

are [illegible] they [illegible] in [illegible] [illegible]

over two years will be [illegible] [illegible] [illegible] [illegible] in

[illegible] [illegible].

4. Has your experience with the [illegible] [illegible]

you to conclude that they might be [illegible] for

[illegible] working [illegible]?

.. The units we have in mind are [illegible].

One [illegible] we have [illegible] in the

[illegible] [illegible] in that [illegible] of the [illegible] [illegible]

they could go around them, that is, they could turn off before reaching the weighing station and go around it, and then go back on to the highway again.

That is why we instituted the road blocks, to pick up the off-road violators.

The 22 units we have planned for in the 1956-1957 budget will be electronic installations in the highway itself, or just immediately off the highway, with smaller drive-up areas than we have for the permanent weighing stations. They will be used for surprise weighings. We will have 22 of these electronic eyes.

I do not know whether you are familiar with them, but they immediately show a violation, and a vehicle will not have to stop, while in the station they have to stop.

In these electronic affairs, a bell rings if the vehicle is over a certain weight.

Q. Like a speed-trap in the road?

A. That is right. The 22 cable installations will be serviced by four mobile units which will make a circuit tour throughout the city or state for surprise weighings from time to time, and they will simply have to plug in their automatic device, as with an automatic toaster, and it is set up and ready to operate and do

business for perhaps a couple of hours, or even a couple of days, and then go elsewhere.

So you will have the surprise element with which the trucking industry, with all its great features can never keep up.

Q. How do you record the violators? How do you record who actually does the violating? Is there somebody with the equipment?

A. Yes, there will be a service crew with the unit, and at a certain point, a bell will ring.

BY MR. REAUME:

Q. The same principle as the officers use for speeders. I got caught not long ago, and I was wondering about that.

The officer said, "You come here", and I went over there, but the other cars kept going by, and I said, "How can you tell it was me?", and then he explained it.

MR. MacNab: And you paid your fine, I hope?

MR. REAUME: I do not want to go into that at this time.

BY MR. MacDONALD:

Q. That seems like spectacular progress.

A. That illustrates my point as to how important enforcement is, and particularly the psychological effect.

[illegible] for perhaps a couple of hours, or even a couple of days, and then go elsewhere.

Q. You will have the surgical element with which the traveling industry, with all its great [illegible]

Q. How is you record the violations? How do you [illegible]

A. Yes, there will be a service over which one [illegible], and if a certain point, a call will [illegible].

Q. The same principle as the officers use "[illegible]" [illegible]. I not naught nor long ago, and I was [illegible]

The officer said, "You were here", and I said [illegible] but the other same kept [illegible] to, and I said, "How can you tell it was me?", and then [illegible] explained it.

Mr. [illegible]: And you paid your fine, I hope?

Mr. [illegible]: I no was weak to go into [illegible] at [illegible].

C. M. McCLEARY:

That cases I see quoting the [illegible].

Q. Let illustration my point as to the [illegible] [illegible], and particularly the psychological effect.

Q. Of course, all enforcement is important.

A. All that 20 per cent. we had under permit applications, you can be sure those people were not actually violators, or were apprehended, but the word got around, and when they feel they are running the risk of a $100.00 fine for failure to have a permit and tag, they will get into the office and get their permits, and they begin to pay the tax.

BY MR. REAUME:

Q. You mentioned something about having a department set up, and one of the jobs was to collect from people who did not pay. How do you do that? Have you a running account with certain trucking companies, from month to month?

A. The tax is payable every thirty days, unless the Tax Commissioner gives permission otherwise.

Q. Is it possible that a man in a truck -- for instance, if I am driving over the highway, and when I enter this place I am given a ticket, and when I am finished driving, I have to pay? Could not the operator pay what he owes at the end of the line?

A. No, that would not be practical.

In the first place, the tax levied is against the vehicle. Actually it is a joint liability, but, in the last analysis, it is against the vehicle itself.

[illegible]

Q. Of course, the enforcement is impossible.

A. All that I can say, we had many inquiries, you can be sure those people were not actually violations, or were discouraged, but it's worth our effort, and even they feel they are running the risk of a $500.00 fine for failure to have a permit and they will get both the office and the [illegible], and they have to pay the fee.

Q. Mr. Hodges:

A. The mentioned something about having a [illegible] back up, and one of the [illegible] people was [illegible] you. How do you do that? Have you a [illegible] with certain monitoring equipment. How would be [illegible]?

A. The fee is [illegible] [illegible] the fee [illegible] [illegible].

A. [illegible] in a [illegible] -- for instance, if I am driving over the highway, and [illegible] [illegible] I am going [illegible], and when I am [illegible] [illegible]. I have to pay? Could the [illegible] [illegible] [illegible] and of the [illegible]

A. [illegible] [illegible] [illegible].

In the first place, [illegible] [illegible] the vehicle. Normally it is a [illegible], [illegible] [illegible] [illegible], it is [illegible] the vehicle [illegible]

Q. But the operator of the truck is only working for the owner.

A. When you say "operator", do you mean "driver"?

Q. Yes.

A. He has no tax responsibility.

Q. No, but he could act as an agent for the owner of that truck.

A. I do not think there would be any advantage in doing that.

Q. What I am arriving at is, would it not be better if you had it on a cash and carry system?

A. I do not think it would work out very well in New York State. You are talking about the actual toll?

Q. Exactly.

A. That is quite different. In order to do that, you would have to have toll booths -- thousands of them -- throughout our highway system all over the state, if it is going to be paid on a cash basis.

Q. Oh, you are speaking of all the roads in the state?

A. That is right.

MR. REAUME: I am sorry. I beg your pardon.

BY MR. YAREMKO, Q.C.:

Q. In regard to this enforcement problem; all

Q. Isn't the [illegible] of [illegible] truck is only [illegible] for the owner.

A. When you say "[illegible]", do you mean "[illegible]"?

Q. It has no [illegible] [illegible].

A. No, but he could [illegible] an [illegible] for the owner of that truck.

Q. I do not think there would be any [illegible] [illegible] that.

Q. What I am [illegible] is, would it not be [illegible] if you had to be a [illegible] in New York?

A. I do not think it would [illegible] [illegible] in New York State. The [illegible] [illegible] [illegible] [illegible]?

Q. [illegible]

A. That is quite [illegible]. [illegible] [illegible] [illegible], you would have to have [illegible] -- [illegible] or [illegible] -- that [illegible] [illegible] [illegible] [illegible] [illegible], [illegible] [illegible] [illegible] [illegible] [illegible].

Q. Do you [illegible] [illegible] [illegible] [illegible] [illegible]

A. [illegible]

MR. [illegible]: I am [illegible]. I [illegible] [illegible].

MR. [illegible]: [illegible].

Q. Is [illegible] [illegible] [illegible] [illegible] [illegible]

the trucks are registered. Is your enforcement concerned with over-loading, or complete evasion?

A. You mean over-loading or tax evasion?

Q. Yes. What is the problem in regard to enforcement? Are there people who do not pay any tax whatsoever, who should be paying?

A. That is one problem of enforcement, but the major problem is the vehicles which have been issued tax permits, and have a tag -- in fact, we have two major problems of evasion; one is the under-reporting of mileage, and the other is loading the vehicle beyond the weight bracket for which a tax has been assigned.

For instance, if I have been assigned a 40,000-pound bracket, and declared my weight at that, I am not supposed to carry anything beyond that, unless I have my permit revalued upwards.

Of course, the tax rate varies with every 2,000 pounds. It starts at 6 mills for the first bracket, from 18,000 to 20,000 pounds.

Then, for the next bracket, it goes up. So a vehicle which is operating at 50,000 pounds is paying an entirely different rate.

The range goes from 6 mills for 18,000 to 20,000 pounds, up to 35 mills for your permit for from 74,000 to 76,000 pounds, and beyond that it is 35 mills,

plus 2 mills per pound.

Does that answer your question?

Q. Yes. I gather there is no tax evasion by somebody driving a truck and not paying a tax at all?

A. Oh, yes. I was discussing that with the Chairman at lunch. We have found in the weight bracket of from 14,000 to 16,000 pounds, which is under the "availability tax" bracket in this Bureau, there has been this situation created, that there is a preponderance of vehicles in the 16,000 to 18,000 bracket which were never there before, so they are vehicles which, in all probability, are taking a chance at not being caught, and have not registered for the tax, but when they are caught, they pay a $100.00 fine for the first offence, and that is mandatory, and the second time they are caught, they pay a fine of $250.00.

So there are some evasions, but every year we put up our road blocks, and we prosecute some very spectacular cases, and the preponderance is being reduced every year.

BY MR. ROOT:

Q. I think you said, Mrs. Long, this morning, that there was a potential tax of almost twice the amount you collect?

A. That is right.

Q. Does that mean there is a 50 per cent.evasion at the present time?

A. No, I would not say there is 50 per cent. wilful evasion. There is a very high degree of evasion in under-reporting of mileages. That is the most flagrant evasion we find.

Last week, in looking over some Interstate Commerce reports of carriers in the northeastern Atlantic region, in which New York State is, the mileages have increased in 1955, over 1954, by over 15 per cent. That is not reflected in our tax returns.

If you look at your annual mileages, they are reporting -- and that has been on vehicles from 68,000 to 70,000 pounds, it averages -- and averages are dangerous; I realize that -- but it has an average monthly mileage of 1,026 miles, and with a vehicle of that weight, the owner could not afford to operate and only run 12,000 miles a year.

BY MR. COOKE:

Q. Did not the Trucking Association in Oregon make the same point when criticizing the Oregon state mile-tax sometime ago?

It seems to me I read a report some place that the Trucking Association there made that same point.

A. That is right.

Q. Does that mean there is a 75 per cent appeal at the present time?

A. No, I would not say there is 75 per cent utility aviation. There is a very high degree of aviation in under-developed countries. That is the most frequent question we hear.

Last week, we received over 2000 inquiries. Numerous reports of crashes in the mountainous alpine region. In which the [illegible] increased in 1955. Over 75% by over [illegible]. That is not reflected in our-own [illegible].

If you look at your annual statistics, you see repeatedly -- and that has been on average, 50,000 to 70,000 passengers. It [illegible] -- the [illegible] are [illegible]. I mention that -- that is [illegible] mostly mileage of [illegible] and with a reduction of [illegible] weight. The [illegible] [illegible] [illegible] [illegible] only [illegible] 12,000 miles a year.

MR. COCKE:

Q. Did not the Tachikawa [illegible] in Japan make the [illegible] [illegible] the [illegible] [illegible] [illegible]?

It seems to [illegible] [illegible] [illegible].

A. It is curious thing about mileages. The trucking industry is trying to tell you how much they are paying in mileage taxes, and then their mileages are phenomenal. In their own barracks, they say they get 50,000 miles a year as an average,,but when they want to tell you how much they are paying in tax, their mileages are phenomenal. But when you talk to them, and ask them what they should pay in taxes for the use of the highways, they do not have any mileages like that at all.

BY THE CHAIRMAN:

Q. Would you comment upon the possible problem of tax evasion which might exist in this province, because of our very remote areas, such as northern Ontario?

A. Well, to tell you the truth I am not sufficiently familiar with Ontario. If you could show me a map --

Q. Let us get at it this way: you have some very remote areas in New York State?

A. Yes.

Q. Do I understand that evasions are greater there than in the urban areas, the more frequently-travelled areas?

A. I think the evasions are more pronounced in the more highly-concentrated areas. They seem to be

more daring, for some reason or other.

BY MR. MacDONALD:

Q. Is it not likely that in the remote areas you will not have so many big trucks, and if you do have any, is it not true that they are travelling over certain specific routes?

It is not likely you will find any big tractor-trailer outfits in northern Ontario, from, say, Cochrane to the Head of the Lakes, other than on No. 11 highway. It is simply fantastic territory, when you get back into the logging roads.

A. We get more evasion from the smaller companies than from the larger owners. It seems they are more stringent about this, and they are more accustomed to record keeping and are more business-like in their methods, and are more conditioned to regulations.

BY MR. ROOT:

Q. How many trucks are affected by this tax in your state?

A. A little over 320,000.

Q. How much revenue is collected?

A. I want to qualify that, if I may. There are over 300,000 vehicles for which permits and tags have been issued. That includes ordinary tractors. But for tax-reporting purposes, it takes two vehicles

to make one; in other words, for a combination unit, it takes tractor and trailer, which makes one vehicle for tax-reporting purposes.

Q. And you have 320,000 of those?

A. No, we have 320,000 for permit-issuing purposes, and we have about 110,000 or 120,000 vehicles which report every month, which are actually operating.

Q. 110,000?

A. About that.

Q. How much revenue do you collect from the 110,000 vehicles?

BY THE CHAIRMAN:

Q. Could we have that in terms of gross collections, expenses of administration, and net revenue?

MR. ROOT: That is what I want, because I know how many vehicles of that type are licensed in Ontario, and what it costs to administer it.

THE WITNESS: In 1955, we collected -- I will put it in round figures -- $14½ million; I think it was $14,360,000, but we will say $14½ million.

BY MR. ROOT:

Q. On this one tax alone?

A. Yes.

BY MR. COOKE:

Q. That is the gross receipts?

A. That is the gross, yes.

Now, in connection with the proportion of expenses to collection, we feel -- in fact, it is not a matter of "feeling"; it is a matter of record -- that the fines and penalties from the weighing stations more than pay for the cost of maintaining and operating those stations.

For violations of the V. and T. law, and the tax law, average around $600,000 per year, and that is exclusive of one of our largest counties, and is exclusive of New York City.

I would estimate the total fines and penalties to be between $750,000 and $800,000 per year.

Our weighing stations for 1955, cost us about $544,000.

Q. To operate them or to build them?

A. To operate them.

BY MR. AULD:

Q. That does not include any capital cost?

A. No.

BY MR. ROOT:

Q. $500,000 -- and what?

A. $544,000, in round figures. I think it was $543,959, but we will say $544,000.

BY MR. MacDONALD:

Q. Your figure quoted earlier was 8.3 per cent?

A. Yes. These costs of collections can be very tricky, because there are several different approaches to them. I have used two. I have prorated -- that is, written off -- two Vehicle and Traffic Law enforcement amounts in proportion to the Vehicle and Traffic Law violations, that is, I have assigned those costs to that function, but no matter how you figure it, it figures in the neighbourhood of between 8 per cent. and 10 per cent. No matter how it is figured, it has never been more than 10 per cent. I think the President of the Tax Association, in the speeches he is making, is using a little more than 9 per cent.

BY THE CHAIRMAN:

Q. Can you project that percentage into the future, in view of the increase in weighing stations?

A. Of course, we have not had any increase in weighing stations since 1952, but we will have.

Q. That will illustrate two things, as I see it; (a) your cost figures will go up, and (b) your violations will go down.

A. That is right.

Q. And those two will operate to reduce the 8.3 per cent. figure?

A. In all tax-collection processing, experience has

shown, unless you have some defection along the line, it will result in the automatic reduction in the collection of taxes.

When we first had the income tax in our state -- Alfred Smith was the Governor at that time, and he was prepared to eliminate the income tax altogether, because it was too costly to collect. Of course, today, it costs somewhere around one-half of one per cent. to collect the income tax, but in the beginning I think it was about 15 per cent. So you have, with any collection processes, an automatic reduction over a period of time.

Arithmetically, the money we have saved in conserving our highways, does not show any place in our calculations, yet we know it is extremely consequential. It may equal the amount of the tax or it may treble it.

Our Tax Bureau for 1955, cost $1,250,000.

BY MR. ROOT:

Q. That is, administrative costs?

A. Yes. As I say, you can approach it either way. You can take your $14½ million of cash revenue, and add to it $600,000 in fines and penalties, and balance that against the total of the weighing stations and the total in the Tax Mileage Bureau, and you will

get 8 per cent. or 9 per cent., or you can do it on a prorated basis, and it comes out just about the same.

BY MR. MacDONALD:

Q. Do the figures you gave of the vehicles under permit, include the out-of-state vehicles, as well as the in-state?

A. Oh, yes.

Q. What is the percentage?

A. It is a very high percentage. From these vehicles, New York State never got a penny before. For instance, consider the Associated Transport Company. We never got any money from them before, but today we are getting about $24,000 a month, from that one firm alone.

In 1955, there were about 282,000 vehicles which had permits in New York State, and of those 177,000 were out-of-state vehicles. Those were vehicles from which we previously received no money at all.

Q. And the remainder, the 105,000, would be what percentage of your licensed vehicles?

A. I did break down this thing not long ago. Here it is (indicating).

There are about 14½ per cent. -- I think I can state that a little bit better; about 14½ per cent.

of all New York State vehicles pay this tax.

BY MR. COOKE:

Q. When you say "New York State vehicles" --

A. I mean registered in New York State.

Q. That does not include your commercial vehicles?

A. Oh yes, it includes commercial vehicles.

Q. 14½ per cent.?

A. Yes.

Q. Pay the tax?

A. Yes.

BY MR. AULD:

Q. Is it a fair question to ask whether you feel you should increase your administrative staff with, say, more inspectors, to check the books of some of the companies?

A. We do not feel --

Q. -- and conseqeuntly reduce violations and evasions?

A. I would be reluctant to minimize the value of the field audit. We have the field audits and the desk audits.

Our field audit is the return which goes into the Tax Mileage Bureau in Albany for processing. I think they have more than adequate personnel for auditing purposes, and for processing purposes.

We feel the deficiency lies in the lack of weight enforcement.

Q. You feel that, by and large, the mileages which are being reported are, roughly, accurate?

A. No, it sounds as if it was the reverse, to me. We feel that our chances of circumventing those evasions are better by the use of more weighing stations.

Q. In other words, it would be, in the first instance, more economical to concentrate on having the vehicles in the proper tax bracket, each with their own weight?

A. Yes.

Q. That would be the first step, and an equal step might be to check the mileages more accurately?

A. Yes.

THE CHAIRMAN: If you do not mind, Mrs. Long, I would like to interrupt for a few moments, and ask Mr. McNab if he could give us some comparative figures; if he can give us a breakdown by weights, and then we will get some basis of comparison.

MR. ROOT: I wonder, before he does that, if I might ask Mrs. Long how do our road mileages compare? I think the lady said they have 80,000 miles.

THE WITNESS: We have 80,000 miles of roads

and streets.

THE CHAIRMAN: That is Mr. Macnee's department. I do not think Mr. McNab knows about that.

---The witness temporarily retired.

A. G. McNAB,

Registrar of Motor Vehicles, Ontario Department of Highways, appearing before the Committee, but not being sworn, testifies as follows:

BY THE CHAIRMAN:

Q. Could you give us a breakdown by weights, Mr. McNab?

A. I have not the total registration figures for 1954, for commercials, but a breakdown of tonnage. I understood Mrs. Long to start at 8 tons.

MRS. LONG: At 9 tons, Mr. Chairman.

THE WITNESS: Anything over 9 tons --

MRS. LONG: 18,000 pounds or over.

THE WITNESS: In 1954, our commercial registrations starting at a gross weight of more than 9 tons, and up to 10 tons -- it does not include the 8-ton to 9-ton -- would you want those included or excluded, Mr. Chairman?

MRS. LONG: Our fees are based on more than 9 tons and up to 10 tons.

[illegible]

[illegible]

[illegible]

MR. YAREMKO, Q.C.: Your 9 tons is the loaded figure?

MRS. LONG: The gross weight, yes.

THE CHAIRMAN: Let us have it right from the beginning, and I will ask Mr. McNab to start with 8. Maybe we will have a bulge similar to that mentioned by Mrs. Long.

THE WITNESS: Other than that, or perhaps because of a lack of weigh scales, they can register at a lower gross, because they might not be checked, and that would run through the whole scale of registration.

Starting at 9 tons, we have 6,018 vehicles registered; up to 10 tons, 6,534.

I have left a copy of this statement with the Chairman .

MR. MacDONALD: These figures are inclusive; in other words, the 6,500 includes the 6,000 --

THE WITNESS: No. One is added to the other.

Up to 11 tons, we have 11,331.

From 11 tons up to 12 tons, 6,617.

BY MR. COOKE:

Q. Excuse me, Mr. McNab; those do not include trailers?

A. No, the trailers are separate.

MR. COOKE: Were not the figures you gave us,

Mrs. Long, inclusive of the trailers?

MRS. LONG: Yes.

MR. COOKE: So he did not include --

MRS. LONG: So it would appear you have more heavy vehicles than we have in New York State.

THE CHAIRMAN: That is very interesting.

THE WITNESS: What is your maximum gross on the two-axle standard truck?

MRS. LONG: The truck gross is 38,000 --

THE WITNESS: The maximum gross?

MRS. LONG: No, we have a maximum gross of 62,000 pounds.

BY MR. AULD:

Q. And your axle limit is 22.4?

A. Ours is 18, with a maximum of 68,000. New York is slightly lower.

MRS. LONG: There was a slight revision in our Bridge formula, for instance, in this last year, which might possibly "kick it up" another 2,000 or 3,000 pounds. There has been some revision there. That is the figure which we ordinarily used, but I think in practical application, it might figure up to around 6,000 pounds.

THE WITNESS: Do you limit the number in a combination? That is, can you have a tractor and a

semi-trailer, and a "pup" trailer?

MRS. LONG: No, I think Oregon is the only state which permits that.

THE WITNESS: I think you are right. We limit it to 50 feet over-all length in combination, and if you can get those units within the 50 feet, they are permitted.

MRS. LONG: No, we cannot do that.

This comparison is very interesting, because it would appear, offhand, that you might have some vehicles which are heavier. They seem to fall over the 18,000.

THE WITNESS: You mean the distance travelled and the saving in carrying heavy loads for longer distances?

MRS. LONG: Yes; this should produce more revenue than we get.

MR. MacDONALD: Just one point, by way of clarification. These figures on this sheet (indicating) are out-of-state --

MRS. LONG: In reporting for an analysis like this (indicating), we do not make any distinction. These are vehicles which paid the tax in 1955.

MR. REAUME: In-state or out-of-state?

MRS. LONG: Both.

BY MR. MacDONALD:

Q. Are ours all in the province?

A. No, in and out of the province.

This year we permitted an increase in gross weight, in regard to tractors, from 38,000 pounds gross. Although that was in effect a year or two, a special permit was granted and was charged for.

BY MR. AULD:

Q. I thought there was an amendment to that --

A. On trailers?

Q. Yes. It went from 17,000 to 18,000 on axle weight.

A. That was the year before. The only change this year was from 22,000 to 24,000.

MR. COOKE: May I ask Mr. McNab one question, Mr. Chairman?

THE CHAIRMAN: Yes, certainly, Mr. Cooke.

BY MR. COOKE:

Q. These figures you are giving us do not include private commercial trucks which enter Ontario from other provinces of Canada, and which, therefore, do not require to be registered here?

A. That is correct, insofar as the eastern provinces are concerned. The western provinces do not reciprocate with us.

Q. So Quebec trucks entering Ontario, and using our highways, would not be included, whereas, in Mrs. Long's figures, are included out-of-state?

The American trucks would be in your figures, because they must register?

A. Yes.

MRS. LONG: Except the private carriers.

MR. COOKE: They have to be registered, too?

BY MR. AULD:

Q. Not all?

A. No.

Q. I have seen one pretty big firm driving in Ontario with Quebec plates.

A. We were speaking of the international movement. We have a reciprocal arrangement for owners carrying goods from Quebec into Ontario, and, similarly, from Ontario into Quebec.

Q. But anybody else has to register?

A. Yes.

MRS. LONG: The question might occur to some of you, why, if we receive $14½ million, do we only show less than $1 million for last September?

Here (indicating) is a good example of how deceiving statistics can be.

In September, we had a severe tie-up, as the result of a strike in Boston, and it reduced our

tax revenue considerably. If you wonder why it was not over $1 million, that is why.

THE WITNESS: Which is not continuing?

THE CHAIRMAN: I think that was an exception.

THE WITNESS: From 11 to 12 tons, we have 6,617; more than 12 and up to 13, 306; more than 13 and up to 14, 82;

More than 14 and up to 15, 80; from 15 up to 16, 89; from 16 to 17, 346, and from 17 to 18, 1,586.

18 tons was the maximum.

BY MR. AULD:

Q. These do not refer to tandem axle weights?

A. No, only power units. When you figure those out, you are figuring combination gross. That is rather difficult here, because you might have any of them tied together to give a total gross, so you would have to go back on that list quite considerably to get the combination gross. There is no way of figuring it definitely.

BY MR. COOKE:

Q. I was making an estimate recently, and I found that difficulty. As I discussed with you in the past, I linked semi-trailers with their parent power unit to find out if, together, they would have a gross

weight of 9 tons or more.

I remember you told me, Mr. McNab, a long time ago, that it was impossible to do that.

A. You might have a tandem arrangement, a semi today or a tractor attached to a semi tomorrow, and they are not interchangeable.

MRS. LONG: You have a great advantage. We started working at a great disadvantage, as we had no experience at all.

We have commercial vehicles, passenger vehicles, and motorcycles, and that was the purpose of the breakdown for segregation purposes.

MR. ROOT: Mrs. Long, you said you had 300,000 vehicles, which included tractors and trailers.

MRS. LONG: For which permits were issued.

BY MR. ROOT:

Q. Mr. McNab, if you add the trailers along with the numbers you have given us now, you would get a comparative figure?

A. No, but you could drop back to commercial registrations, because when you have a trailer, you get a combination, where you might have a tractor registered for 9 tons, and a trailer with a gross of 2 tons, so you could go back and increase the number of vehicles in that way.

BY MR. MacDONALD:

Q. What did you mean, Mr. McNab, when you said there was nothing over 18 tons?

A. This year, there are 19 tons. You will find in almost every case where the change comes, the group which is now 18 tons, moves up to 19 tons.

They are looking for the maximum registration, and because of that, the group which shows as 18 tons, you can be sure most of them are in the 19-ton category. That is all.

Q. What is the explanation for the sharp drop?

A. At the time these statistics were compiled, the maximum of the two axle -- just front and rear-- was 11 tons, and you will understand there was quite a large group in that category.

The other maximum was 18 tons, and again there was a drop in between, because of the tremendous number of operators wanting all the maximum they could get for the vehicles as designed.

There were some which got in between, and which required some small changes between the maximum and the minimum.

BY MR. AULD:

Q. Would it be right to say that it would be difficult to get from 11 tons to 12 tons, if you do

have a tractor-trailer?

A. If you had a tandem-axle weight.

Q. You might just as well move up a little higher?

A. Nearly all the operators are looking for the largest capacity they can get, because I imagine it reduces their cost of operation, if they can take a load and a half on one trip, rather than break it down and make two trips. The costs are reduced, because there you have a combination, rather than a single vehicle.

BY MR. ROOT:

Q. What is the heaviest combination?

A. The tandem tractor which is 38,000. I think there are perhaps two combinations which are used on very short runs. They attach to that a 6-wheel "pup" trailer, which is another 38,000 pounds. So you have 106,000 gross over-all. But I believe there are only two combinations of that type, and they are used on very short runs.

The "pup" trailers, while used to some extent years ago, have gradually dwindled until they are almost out of use. The matter of sway made them too costly to operate.

BY MR. MacDONALD:

Q. To get my own thinking into perspective, what

is the weight of your delivery trucks?

A. This delivery truck is not as heavy as you might think. Usually, they weigh about 58,000 pounds gross, a two-axle tractor at 38,000, and a semi at 20,000.

THE CHAIRMAN: Mrs. Long, could you comment on whether the weighing stations would enforce the weight capacities?

MRS. LONG: Our stations come under the Engineering Division, and I would hesitate to comment.

BY THE CHAIRMAN:

Q. I believe you control the prosecution of violators?

A. Only to a very small extent, Mr. Chairman. The enforcement of the Highway Traffic Act is the responsibility of the various police departments.

We, in our Public Vehicle Division, in enforcing the Public Vehicles Act, take the facts into consideration, and we do lay some charges.

Q. Does not Hartley Brown process most charges?

A. Not himself. They just are dealing with commercial vehicles.

Q. They would be for the most part weight violations?

A. Yes.

on whether the vehicular stations would enhance the [illegible] capabilities?

MRS. LEWIS: Our stations come under the Engineering Division, and I would be [illegible] to comment.

BY MRS. CHAMPION:

Q. I believe you combined the [illegible] of [illegible]?

A. Only to a very small extent. [illegible]. The enforcement of the Highway Traffic Act is the responsibility of the various [illegible].

We, in our [illegible] vehicle, in enforcing the Traffic Vehicles Act, use the [illegible] [illegible] consideration, and we do say some [illegible].

Q. Does not Hartley Brown's process meet [illegible]?

A. Not himself. Then just the [illegible] commercial vehicles.

Q. They would be the [illegible] vehicle [illegible]?

BY MR. AULD:

Q. They would be route violations?

A. Both route and weight.

BY THE CHAIRMAN:

Q. Have you any figures on that?

A. No, I have not them with me, but I can get them.

Our men have steered clear of laying charges in regard to weights. That is a responsibility of the local police. We do not want it, and we leave it alone.

Q. I do not want these questions to be too difficult, but I think this one is pertinent. Do you think the weight regulations have been stringently enforced?

A. I would say "no". I would say perhaps that is due, to some extent, to the lack of scales.

I know the engineers have been working on that problem for some two years, and I think some installations are under way now. I do think that will have considerable effect on the figures I show here. I think some of these lower figures will immediately come up, because I think up to the present time, full enforcement has not been considered too important. That means that people have registered at a lower gross.

A. Have you any figures on that?

A. No. I have not them with me, but I can get them.

Our men have showed clear of laying [illegible] in [illegible] be molested. That is a responsibility of the local police. We do not want it, and we leave it alone.

Q. I do not want transportation to be [illegible]. But I think this one is pertinent. Do you [illegible] [illegible] have been [illegible]?

A. I would say "No". I would say [illegible] in the [illegible] outbound. In the face of [illegible].

I know the engineers have been working [illegible] for some two years, and I hope [illegible] are under way now. I do think that [illegible] have no [illegible] on the figures I [illegible] there. I [illegible] some of those lower figures with [illegible]

[illegible] this, full enforcement has not been carried [illegible] [illegible] a lower grade.

THE CHAIRMAN: Is it an added incentive in New York State -- and even in Ontario -- to minimize these weights, particularly, as you say, they are not being checked too frequently?

MRS. LONG: Yes.

BY MR. ROOT:

Q. What was the maximum weight trucks you gave?

A. 106,000 pounds.

Q. No, I mean on this list?

A. 18 tons. There is 19 tons this year, but you may rest assured that the figure for 19 tons will be almost as it is there (indicating) for 18 tons, with probably a slight increase due to the increased volume of registrations.

MR. ROOT: I was wondering what the comparison was.

MRS. LONG: It is very difficult to make comparisons, because you have two entirely different bases.

BY MR. ROOT:

Q. The point I am trying to get at is what would be the cost of administering this kind of tax in Ontario?

A. Our mileage is comparable. I believe it is 71,000 miles of roads and streets.

[illegible]

[illegible]

Q. What was the maximum weight results you [illegible]

A. 805,000 pounds.

Q. Do, I mean on this [illegible]

A. 55 tons. There is 17 [illegible] tons, [illegible] you may read answer then the figure for 17 tons that [illegible] be chosen as it is there (indicating) for 55 tons, with probably a slight increase due to the increased [illegible] of negotiations.

MR. [illegible]: I was wondering [illegible]

[illegible]

MR. LOWE: It is very difficult to [illegible] conversations, because you have two [illegible] [illegible].

BY M. ROSE:

Q. The point I am trying to get at is when [illegible] be the case of administration [illegible] [illegible] in Oswego?

A. Our [illegible] in conversion. I believe it [illegible] 15,000 [illegible] of [illegible] and [illegible].

BY MR. AULD:

Q. And 8,500 miles of provincial roads?

A. That would include the 8,500 provincial.

BY THE CHAIRMAN:

Q. Have you any idea of the cost of installation and maintaining our weighing stations?

A. I believe Mr. Macnee could answer that perhaps better than I could.

MR. MACNEE: No. I believe we have about the most reasonable type of operation, from the point of view of expense.

THE WITNESS: The actual weighing is done by provincial officers, or our public vehicle inspectors, in the course of their duties.

BY MRS. LONG:

Q. You do not have a special detail for that?

A. No. That has been given some thought just recently.

Q. Then your weighing stations do not function around the clock?

A. That is correct. With your operation, Mrs. Long, it would be an absolute necessity.

MRS. LONG: For the tax, yes. In Oregon, they did not do it around the clock. They do it spasmodically, with an element of surprise, but where

they have their weighing stations, all commercial vehicles have to stop.

We have been considering bringing pressure to bear to get our tax problem on the basis, in New York State, not on the preponderance but on the under-declaration of weights.

Our installations originally cost about $30,000. That includes shelters, scales, the acquisition of land -- the total cost would be about $30,000 apiece.

In regard to the 22 provided for in the new budget, they are semi-covered, and I think will cost about $10,000 each.

THE CHAIRMAN: Could you get the information requested for us by telephone, Mr. Macnee?

MR. MACNEE: I think I can, yes, Mr. Chairman.

MR. MacDONALD: May I ask Mrs. Long what the total revenue is from motor vehicles in New York State?

MRS. LONG: For 1954, which was the last figure -- in fact, I do not think our 1955 registration figures have been published as yet -- we received $239 million.

Broken down, it amounts to $120 million for fuel tax; $105 million for license fees, and $14½

million for weight-distance tax, making a total of $239.59 million.

---The witness retired.

MRS. WINNIFRED LONG,

Tax Office, State of New York, re-appearing before the Committee, but not being sworn, continues her deposition as follows:

BY THE CHAIRMAN:

Q. The figure of $239 million was the net tax?

A. Gross revenue, Mr. Chairman.

BY MR. AULD:

Q. That does not include Federal aid?

A. No. Those are just revenues we have collected from highway users.

We have 4½ million users, so it would include commercial vehicles and passenger cars.

Out of that -- if it is of any interest to you -- we found that $63 million, or 27 per cent., was paid by commercial users, and we found that about 15 per cent. of this revenue was paid -- and this includes registration fees, and fuel tax -- by vehicles of over 18,000 pounds, that is, the heavy vehicles.

BY MR. MacDONALD:

Q. The fuel-tax revenue is roughly comparable to

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

The OFFICE, State of New York, re-appearing before the Committee, but not being sworn, continues her [illegible]

[illegible]

2. The figure of $250 million was the net [illegible]

[illegible]

3. Does even not include Federal aid?

[illegible] collected from highway users.

We have 4½ million users, so it would include commercial vehicles and passenger cars.

One of them -- if it is of any interest to you -- we found that $63 million, or 22 per cent, was paid by commercial users, and we found that about 1½ per cent, of this revenue was paid -- our thing includes registration fees, and fuel tax -- by vehicles of over 18,000 pounds, that is, the heavy [illegible]

BY MR. MCCONNELL:

The fuel-tax revenue is roughly comparable to

Ontario's?

A. Our gas tax is 4 cents compared with your 11 cents.

How many vehicles are registered in Ontario?

MR. MacDONALD: 1,600,000 now.

MR. COOKE: The gas tax here will bring in about $1-1/3 million this coming year. As you say, there is a big difference in rates.

BY MR. MACKENZIE:

Q. What did you say your gasoline tax revenue was?

A. $103 million.

BY MR. ROOT:

Q. And the licenses were how much?

A. $105 million.

BY THE CHAIRMAN:

Q. Do you co-relate your registration fees against your weight-distance tax, or would they each be independent?

A. They are very independent of each other. It would be very difficult to co-relate them.

BY MR. ROOT:

Q. How much revenue do the toll roads in New York State collect?

A. Now you have got me. I have learned, over a

period of years, not to rely on memory too much for figures.

I may have mentioned it in here (indicating).

Our Thruway Authority, to which you are referring, is, of course, an autonomous unit of government; it is self-supporting and self-liquidating. The other arms of government have not concerned themselves with it too much.

However, I would be glad to get that information. I receive the weekly toll reports from the Toll Authority, but I am not familiar with the figure at the moment.

Q. Do you know how much the Federal government contributes?

A. To our roads?

Q. Yes?

A. Around $60 million a year.

BY MR. MACKENZIE:

Q. May I ask you this question? This Thruway Authority; none of that revenue goes to the State?

A. That is right.

Q. It is an entirely independent body?

A. Yes, it is like a private company.

Q. That is devoted entirely to the upkeep and maintenance of that road?

A. Yes, and to retire the bonds.

Q. There is no help for your State roads?

A. None whatsoever.

Q. What is the contribution from the Federal government toward your roads?

A. About $60 million. That is, as it stands now.

Of course, with this revision that is under consideration in Washington now, if we get credits for certain parts of our highways which qualify as parts of the interstate system, we will get considerably more.

In a Bill introduced last year -- I think under the Clay programme in Washington, New York State would be entitled to $900 million, but I understand that has "gone down the drain" this year.

New York State was very much interested in the Clay programme.

BY MR. ROOT:

Q. But you do get the gasoline tax and the registration fees for vehicles using the thruway?

A. Oh, yes.

As I think I mentioned to somebody at luncheon, our gasoline tax and our registration fees, and, as a matter of fact, our weight-distance tax, are all

levied for the support of the standard highways.

We can build 10 more thruways in the State, but we still will need more free roads, and will need tax contributions to support those roads. There has been no adjustment made for the passenger carriers, as there has been for commercial vehicles, which we feel is extremely discriminatory.

We feel, if we are going to use the tax from commercial vehicles for the support of the roads, by the same reasoning, we should give the private operators a reduction in the gasoline tax, or a portion off his registration fee.

As it stands now, it is extremely discriminatory.

BY MR. AULD:

Q. Or reducing the toll?

A. That can be done that way, but that is very negative reasoning.

Actually, there has not been any reduction made in either direction, because the State still has the responsibility of maintaining its roads.

Q. This is getting off the track a bit, but it is interesting to me, on account of the report we submitted.

If the New York Thruway had not been built, is it a fair question to ask if additional highways

would have been needed to carry the traffic, or would the existing highways, from east to west, in New York State, be sufficient to carry the existing traffic?

A. Yes. If you are talking about traffic volume, they would be sufficient. This did not favour the economy in operating costs, and did not have the advantage of time-saving and what-not.

They could have been and are, being improved and widened, and made more adequate to meet the requirements of today's traffic situation, even with the Thruway.

---Whereupon the ensuing discussion regarding thruways and so forth, was not reported, by direction of the Chairman.

MR. MACNEE: Mr. Chairman, I have the figure you requested, on our weighing scales, including acceleration and deceleration, but I do not think it includes the purchases of the property. It runs about $10,000.

THE WITNESS: I do not know what it is here, but the acquisition costs in New York State, are extremely high.

MR. MACNEE: Therefore, we have been able to include the weighing scale in our normal rights-of-

way. We have a right-of-way of 120 feet, and we can usually put the weighing scale on,so that land acquisition is not a problem.

---Further discussion re thruways, and so forth, not reported by direction of the Chairman.

BY MR. AULD:

Q. Would it be fair to say it has three purposes; (a) that extra roads are required to carry traffic in the area through which the thruway is going to pass, and (b) motorists receive some value for the gasoline tax on the gasoline they use or some credit on their tolls, and (c) that it was operated by, say, the Department of Public Works, which would seem like a more practical method to use, from a tax-philosophy standpoint?

---Whereupon further discussion regarding thruways not reported by direction of the Chairman.

BY MR. YAREMKO, Q.C.:

Q. Mrs. Long, in regard to these exemptions of the trucks, which are not paying the weight-mile tax; was that by way of a subsequent amendment, or was that in the initial statute?

A. Well, it was not in the initial statute. It was an amendment which was made before the Legislature

adjourned, but that is a matter into which I would prefer not to go.

---Further discussion on this subject, not reported, by direction of the Chairman.

THE WITNESS: I think it was mentioned at luncheon something about the possibility of a road being built from Quebec to Toronto --

BY THE CHAIRMAN:

Q. No, from the Quebec border to the Michigan border, right across southern Ontario.

A. And someone mentioned, at the same time, that there were more cars on the Queen Elizabeth Way in one day than there would be in a year --

MR. COLLINS (Secretary): That was the Trans-Canada, not the Queen Elizabeth.

THE WITNESS: How would the traffic flow compare on a road from Quebec province to Michigan?

MR. AULD: It would vary considerably.

MR. MACNEE: It would average, throughout its entire length, somewhere between 5,000 and 5,500 cars, but today there is a low of 2,500 cars, and a high of 4,500.

MR. MACKENZIE: That is not from Toronto to Montreal.

MR. MACNEE: It would be considerably lower

Further discussion on this subject, not reported, by direction of the Chairman.

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BY THE CHAIRMAN:

Q. No, from the Quebec border to the Michigan [illegible]

A. And someone mentioned, at the same time, that there were more cars on the Queen Elizabeth Way [illegible] one day than there would be in a year --

Q. [illegible]: That was at [illegible] -Niagara, not the Queen Elizabeth.

[illegible] on a road from Quebec province to Michigan?

Mr. ADAMS: It would vary considerably.

[illegible]

cars but today there is a low of 2,100 cars, and a high of 5,000.

Mr. MACKENZIE: That is not from Niagara to [illegible]

Mr. MCKEEN: It would be considerably lower

from Toronto to Montreal.

MR. MACKENZIE: It might be from Kingston to Montreal.

MR. MACNEE: They would be lucky to reach 3,000 cars.

MR. AULD: I think somebody said about 1,000.

THE WITNESS: Would it be self-supporting?

THE CHAIRMAN: Some areas would be, and some would not. Mr. Tolamy told us that in New York there were certain stretches which were not self-supporting, and one must be balanced against the other to create a complete unit, and the revenue must be spread over the entire length.

BY MR. MacDONALD:

Q. What is the public reaction to toll roads? My thinking was that the general attitude of the people is they are good things. Is there any tendency to be more critical of them, from the viewpoint of the public, apart from the physical aspects, and the headaches which are emerging at that level?

A. Really, I am not qualified to answer some of these questions. It would be my impression that the public is satisfied.

MR. MacDONALD: They do not realize they are paying the equivalent of a 17-cent gasoline tax.

[illegible]

[illegible]

[illegible]

[illegible] would be lucky to mean

[illegible] ra.

MR. AUTO: I think somebody said about [illegible].

THE WITNESS: Would it be self-supporting?

THE CHAIRMAN: Some areas would be, and some would not. We, Gorney said to that in New York [illegible] supporting, and one must be balanced against the other to create a complete unit, and the revenue must be spread over the entire length.

BY MR. McDONALD:

Q. What is the public reaction to toll lines? My thinking was that the general attitude of the people is they are good things. Is there any tendency to be more critical of them, from the [illegible] point of the public, apart from the [illegible], [illegible] and the headaches which are emerging at the local?

A. Frankly, I am not qualified to answer some of these questions. It would be my impression that the public is satisfied.

MR. McDONALD: They do not realize they are paying the equivalent of a [illegible] residence tax.

BY MR. YAREMKO, Q.C.:

Q. Is it not a fact that a man knows he is going to pay to use this particular highway, and is willing to pay 17 cents on the thruway, but he would be unhappy about paying even one cent more of a rate for driving along an ordinary substandard road.

If there is an increase in the gasoline tax, generally he pays the increase, no matter what type of road he is driving on, but it makes him unhappy, yet he is willing to pay a 17-cent tax on a particular highway.

A. He is not willing to pay it, because he does not realize he is paying it.

BY MR. MACKENZIE:

Q. Mrs. Long, how do your main roads compare with the thruway? Are they of the same construction?

A. Oh, no. There would be no comparison.

We have routes Nos. 5 and 20, which are the main east-west roads, and they are being constantly improved. Route No. 5 particular, I would say, is in very good shape in many places, with the improvements in the contours, the elimination of curves, and what-not. I would say that road has been very well brought up-to-date.

We have a number of county roads in New York

BY MR. [illegible], D.C.:

Is it not a fact that a man [illegible] to be [illegible] to use this [illegible] highway, and is willing to say if [illegible] on the highway, but he would be unhappy about paying even one cent more of a rate for driving along an ordinary [illegible] road.

If there is an increase in the gasoline tax, necessarily he says the increase, or another such type of road he is driving on, but it means his money, that he is willing to pay a 17 cent tax on a particular highway.

A. He is not willing to pay it, because he does not realize he is paying it.

BY MR. MACKENZIE:

Q. Mrs. Long, how do your main roads compare with the highways? Are they of the same construction?

A. Oh, no. There would be no comparison.

We have roads No. 5 and 20, which are the main east-west roads, and they are being continually improved. Route No. 5 particularly, I would say, is in very good shape in many places, with the improvements in the communes, the alignments of course, and what-not. I would say that road has been very well brought up-to-date.

We have a number of county roads in New York

State, and as is probably the case in Ontario, we have a number of them which are not so good, but there has been a shortage of highway money. That is what has happened. It is the same situation for us, as it probably is for you.

BY MR. YAREMKO, Q.C.:

Q. I gather from the conversations during the last few minutes, that if the State of New York had no weight-mile tax -- if it was not in existence -- would it be your opinion that it would be most unfair to have a toll road where people are not conditioned to tolls, if the gasoline tax would alleviate the situation on, for instance, Route No. 5, and the truckers have the benefit of the highway, and the situation has been alleviated so far as traffic is concerned. Would they need to contribute anything more than they are now, by way of the weight-mile tax?

They would have a better highway, because somebody else is paying the toll?

A. I am getting a little bit lost in your question.

Q. Well, consider highway No. 5. The trucks are using highway No. 5, because the passenger cars have been taken off No. 5. Would the situation, as far as the amount of tax gathered is concerned, be worsened for New York?

[illegible]

[illegible]

[illegible]

If there were no weight-mile tax, the trucks would be using highway No. 5, at a higher standard, and would not be contributing any more to the general highway fund of New York State?

A. If we did not have the weight-mile tax?

Q. Yes.

A. Yes.

Q. So if you are going to have a toll road, you would also have a weight-mile tax?

A. Yes.

Q. And have a more equitable situation?

A. Yes.

THE CHAIRMAN: To compensate for the advantage to the truckers by the passenger cars going onto the toll roads?

MR. YAREMKO, Q.C.: Yes. The trucks would have a greater advantage than the passenger cars.

BY MR. MacDONALD:

Q. The situation on the toll roads is that the truckers are boycotting them, and they are going over another road.

No matter what you call it, they will have a premium road without paying anything more for it.

A. My understanding is that in Ohio they have the tolls too high. That is characteristic, as I said

[illegible]

[illegible] to weight-mile tax?

A. Yes.

Q. [illegible]

Q. So if you are going to have a toll road, you would also have a weight-mile tax?

A. [illegible]

Q. And have a more equitable adjustment?

A. Yes.

THE CHAIRMAN: To compensate for the advantage to the truckers by the passenger cars going onto the toll roads?

MR. YARNEMO, S.C.: Yes. The trucks would have a greater advantage than the passenger cars.

BY MR. MACDONALD:

Q. The adjustment on the toll roads is that the truckers are bypassing them, and they are going over another road.

No matter what you call it, they will have a free road without paying anything more for it.

A. My understanding is that in Ohio they have the tolls too high. That is characteristic, as I said

this morning. It is impossible to provide any type of tax which will be satisfactory to everybody.

We have never been able to find out what was an equitable tax mathematically, such as we have in mind, because they object to any type of taxation, and even to the rate of the toll.

The closest they came to considering a tax equitable, was the gasoline tax, which falls very lightly on them.

MR. COOKE: I once worked out some of the rates on toll roads, and the fees of toll roads were graduated much less than the weight-mile rate in Oregon, so, therefore, the heavy vehicles have not been paying as much as they should, under the weight-mile tax.

There is another thing which seems irrelevant. Even if you graduate your fees, there would be the advantage of the weight-mile tax over toll fees, in that the fees would be available everywhere, and they would be inescapable; everybody would have to pay the weight-mile tax.

MR. MacDONALD: Mr. Cooke reminded me of a question I wanted to ask Mrs. Long, before she gets back into her own field.

BY MR. MacDONALD:

Q. Why did you jump from 4,500 pounds in Oregon,

up to 18,000 in New York? That is a pretty wide gap.

A. For several reasons. In the first place, we had four times as many vehicles in New York State as they had in Oregon, that is, I mean four times as many vehicles for which the tax was administered and collected.

This was, as I said this morning, a very unique tax, which was destined to be experimental for the first, perhaps, six or seven or eight years.

We felt it would be extremely dangerous to attempt, because there would be about 1½ million vehicles we would have to administer, if we included the commercial vehicles.

Q. You were trying to limit your administrative problem?

A. That was one reason.

The other reason was the great disparity which existed between load and weight of heavy vehicles, and we felt it was more important to bring in the vehicles which were definitely heavy, and which were responsible for this very sharp upward turn in highway costs. It does not cost a great deal more to build a road for a 10,000-pound vehicle, than it does for a 5,000-pound vehicle, and it does not cost a great deal more to build a road for a 12,000-pound vehicle than it does

[illegible]

[illegible]

[illegible]

This was, as I said this morning, a very unique [illegible] which was designed to be experimental for the first, perhaps, six or seven or eight years.

In fact it would be extremely impossible to attempt, because there would be about 1½ million vehicles we would have to manufacture, if we included the commercial vehicles.

6. You were trying to limit your administrative [illegible]

A. That was the reason.

The other reason was the great difficulty which existed between load and weight of [illegible] vehicles, and we felt it was more important to bring in the vehicles which were definitely heavy, and which were responsible for this very sharp upward turn in highway cost. It does not cost a great deal more to build a road for a 22,000-pound vehicle, than it does for a 5,000-pound vehicle, and it does not cost a great deal more to build a road for a 18,000-pound vehicle than it does

for an 8,000-pound vehicle. But it costs perhaps 500 per cent. or 600 per cent. more to build a road for an 18,000-pound vehicle under certain circumstances, than it does for a 3,000-pound passenger car, or even a 4,500-pound truck.

Q. Do I conclude, in your long-range thinking, once you have sort of mastered the basic administrative problem, you might, by lowering this 18,000, bring more in?

A. There is that possibility. We have experimented with the revenue possibilities, and with the potential effects they might have on the state economy.

I think it is very likely that eventually the 16,000 to 18,000-pound bracket will be brought in, but I cannot conceive in New York State they will allow it to go down to 4,500 pounds.

Q. But it might go to 10,000 or 12,000 pounds?

A. I cannot say; it would depend on the circumstances.

BY MR. COOKE:

Q. Taking into consideration the fact that in Oregon, as opposed to New York, the registration and gasoline tax rates were, I presume, different from what they are in New York.

I am just wondering how you decided that by simply adopting the rate used in Oregon, such equities as existed in New York would be put right.

A. They have not been put right. We still have an inequitable situation. We have an improvement, and we could easily increase our weight-distance tax rate in New York 100 per cent., and not have an inequitable situation, as far as heavy vehicles are concerned.

We adopted the Oregon rate as a matter of expediency, and we felt it could be supported and defended.

We did not want to take the time to go into perhaps a two-year engineering study of our own. The rate had been upheld legally in Oregon, and from a practical standpoint there had been no argument in Oregon with the rate, and there has been really no argument in New York State with regard to the amount of tax it represents, and which will be collected.

BY MR. AULD:

Q. Is it more likely there might be a reduction in the registration fees, perhaps accompanied by an increase in the rate, to get more equity in the collection of revenue?

A. If you ask me "Is it desirable?", I would

answer "Yes". If you ask me if I think it will happen in the near future, I would say "No".

Q. I would ask you the first question, because the second question has to have a great deal more consideration given to it than the first.

A. I think if we could be visionary, and more theoretical than it is possible to be, the best thing would be to have a highway-use tax for all highway vehicles.

Q. And a registration fee which covered the cost of the plates?

A. Just an identification fee, and nothing else, because that was what was intended originally, and it just has become dissipated along the way.

BY MR. COOKE:

Q. Is it not true that in Oregon, I think in 1947, they reduced all fees to a nominal sum of $10.00?

A. I think it lasted for about a year, and then some opposition grew up, and managed to foist upon the public the idea of a graduated registration fee.

However, I believe that for one year they had a nominal registration fee.

A. I believe they did. You can justify the registration fee on the basis of a stand-by charge. There is an extent to which we should contribute to

highways. Even if we do not use our vehicles, the roads are there for us to use.

A further refinement is to go to your availability factor from there.

BY MR. AULD:

Q. On what basis is the registration fees for passenger cars and light trucks set in the State of New York? Is it by weight or horsepower?

A. By weight; an unladened weight of 75 cents per hundredweight.

MR. McNAB: It seems to me it is an ideal situation, actually -- this disparity between passenger cars and commercial.

It would be alright to have the disparity wiped out, but, in fact, what happens is the passenger-car operators are subsidizingthe commercial vehicle operators, but, in fact, does he not do it anyway, when the commercial vehicle is taxed its full share, it is passed right back to the passenger cars in another form, and that raises the cost to the passenger cars only? It has to be paid one way or the other.

THE WITNESS: You may be right, Mr. McNab.

MR. MacDONALD: Mrs. Long's comment this morning was that very little was passed on; I think it was on the order of one-quarter cent on a $10. article.

THE CHAIRMAN: Then there is rate control, which we have not here.

MR. COOKE: Yes, from the fact that everybody is not a motor-vehicle owner.

THE WITNESS: We are never going to be able to avoid subsidies. At least, I do not expect to see it in my life time. That is a fact, not only in highway financing, but in everything.

Of course, I never expect to be in a State mental hospital, but I subsidize, through my payment of taxes, the people who are, and I think it is characteristic of governments that we have a certain amount of subsidies. I think it is nearly where it is getting out of hand, where the people who obtain the benefits and economic profits from certain facilities, do so beyond any reasonable point, I mean, beyond the point that they contribute, and we will have to examine our tax structure to look for unwarranted subsidies.

That is what we have to look for in New York State, and in other states.

BY MR. COOKE:

Q. Would you agree there is another important question behind that? We find the weight-mile tax is introduced, and the operators push it on to their

customers by way of increased charges, and we are making possible the very thing we want, because one of the unfortunate consequences of these subsidies, if they exist, is that a certain type of operator may thereby be able to lower charges to their customers and the trucking industry may expand unduly -- or certain parts of it, because, from the economic standpoint, we want these costs carried in the most economical way.

If, as a result of the weight-mile tax, some will have to raise their rates, are we not getting near the situation where the charges charged by carriers reflect their whole cost, will this not be reflected in competing forms of transportation?

A. You have unlimited subsidies rampant in the trucking industry, as we have it today. It does not make for the most efficient business operation, and I think you have a very good point.

BY MR. MacDONALD:

Q. As a matter of fact, the thinking Mr. Cooke has just outlined is a basic thing, which I think is shared by some people in all parts of Canada, and it seems to me we will have to get a national transportation system, and assess these fantastically different situations in which our railroads and water transportation--

railroads especially -- are finding themselves.

Our railroads are becoming more and more uneconomical because of the business getting away from them, and we wind up by subsidizing the truckers, and because the railroads are operating less economically, we have to subsidize them, so we are really subsidizing both.

A. This whole transportation problem is very acute.

All of our transportation, with the exception of the railroads, has regressed, at least in the United States--in certain areas--and water transportation has also regressed, but aviation and highway transportation has grown up by such leaps and bounds, that we are reaching a point in New York State -- in fact, in the United States -- where aviation subsidies are soon going to create almost as pointed a problem as we have in highway transportation.

Our Committee right now, and has been for about a year and a half, is exploring the possibility of getting an aviation tax on an even keel.

This whole transportation problem is an awful "mess", because we do not have the means of getting at the carriers, that we have of taxing other

businesses; at least, we have not had them in New York State, and many other states down there.

They have grown awfully, awfully fast; they have little or no real estate; they are not assessable in that respect, and I think a first-class problem is developing in aviation in the United States.

Different states tax aviation differently. About ten or twelve states are taxing aviation fuel, which New York State has never done, and I do not think it will accept that solution.

At the present time, I am not too favourably disposed to that means of taxing the aviation companies, but we are going to have to develop something, because government is being put to a tremendous expense, because of air freight and passenger haulage, and we are going to soon reach the point where we will have to recover on some of it.

BY MR. ROOT:

Q. There is one question I want to ask with regard to toll roads, and this Committee is set up to study toll roads.

Do you think it is sound for a government to subsidize a dual road at the current rate, or do you feel that a reasonable toll should be reflected in the super-highways, and used to finance the capital

costs of that road?

A. I think if it is possible to build good roads without making toll roads, it is the most desirable and feasible arrangement.

THE CHAIRMAN: I do not think anybody will disagree with that statement. If we could build the type of road we want without recourse to tolls in order to pay for them, I think we would all be happy to do so.

BY THE CHAIRMAN:

Q. Mrs. Long, I know you are motoring back to Rochester this evening. There are various members of the Committee who wish to catch trains to various parts of the province, so I think we will wind up for today.

I feel that I speak on behalf of everybody here, when I say how delighted we have been to have had you with us, and your remarks have been,to say the least, extremely informative and exhilarating.

You have opened up new fields in a masterly fashion, and you can certainly leave feeling that you have made a very good contribution.

A. I usually go away feeling that I have left people in a much worse state of confusion than when I started. I am afraid this will be no exception, but

it is almost inevitable. It is a very confusing subject, and there are as many angles to it as there are people.

Q. It is not confusing. It opens up another facet of our problem, and you have explained it very well, indeed.

A. If I have contributed anything to your situation up here, I am very grateful.

MR. MACKENZIE: I might say to Mrs. Long that I am very grateful to her for having answered the last question the way she did.

THE CHAIRMAN: Mr. Mackenzie is worried about what we have come to call the "Mackenzie Highway".

MR. AULD: Yes, it connects Woodbridge and Toronto.

THE CHAIRMAN: Well, we will adjourn now, and again I wish to thank you, Mrs. Long, for the very fine contribution you have made to us today.

THE WITNESS: Thank you very much.

---The witness retired.

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---Whereupon at 4:25 o'clock p.m., the further proceedings of this Committee adjourned until Wednesday, May 23rd, 1956, at 10:00 o'clock a.m., to reconvene in the city of Columbus, in the state of Ohio, one of the United States of America.

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